Daily Report

Latin America

FBIS-LAT-90-211
Wednesday
31 October 1990

Daily Report
Latin America

FBIS-LAT-90-211 *31 October 1990*

CONTENTS

NOTICE TO READERS: An • indicates material not disseminated in electronic form.

CARIBBEAN

Cuba

Castro, Shenin Tour Biotechnology Center *[Havana Radio]* 1
Dominican Delegation Comments on Castro Talks *[Havana Radio]* 1
• Fidel Castro Discusses Food Program *[JUVENTUD REBELDE 30 Sep]* 1
Risquet Discusses PCC Congress, Missile Crisis *[Havana International]* 2
Rodriguez Comments on Castro, Foreign Relations *[Havana International]* 3
Increased Importance Placed on Economic Crimes *[Havana TV]* 4
Armed Forces Delegation Arrives in Bolivia *[Havana TV]* 4

Bermuda

Premier Sharpe Takes Over Labor Ministry *[CANA]* 4

Grenada

Economists, Unions Worry Over Exports, Deficit *[CANA]* 4

Haiti

FADH Declares Neutrality During Elections *[Port-au-Prince Radio]* 5
Issues Weapons Restrictions *[Port-au-Prince Radio]* 5
URN Claims 5 Countries Involved in Plot *[LE NOUVELLISTE 27-28 Oct]* 5

Trinidad and Tobago

Oil Revenues Said To Exceed Budget Estimates *[CANA]* 6

MEXICO

Further on Militants' Seizure of German Consulate *[Hamburg DPA]* 7
Police Scatter PRD Demonstrators in Merida *[NOTIMEX]* 7

CENTRAL AMERICA

Costa Rica

Labor Minister Resigns, Replacement Appointed *[San Jose Radio]* 8

El Salvador

Pacas Refuses To Discuss U.S. Decision on Aid *[San Salvador Radio]* 8
Rosa Chavez on U.S. Decision on Military Aid *[San Salvador Radio]* 8
Government Warns FMLN To Respect Civilians *[ACAN]* 9
Arena Deputy Shot, Killed in 'Holdup' *[LA PRENSA GRAFICA 26 Oct]* 9
Rights Group Reports on Deaths, Disappearances *[ACAN]* 9
Weekly Roundup on Clashes With FMLN *[Radio Venceremos, etc.]* 10

Nicaragua

Former Contras Ready To Renew Fighting *[ACAN]* 11
Officials Tour in Search of Foreign Financing *[Managua Radio]* 11
Cosep Stance on Agreements May Cause Split *[EL NUEVO DIARIO 28 Oct]* 12

New Economic Relations Established With USSR *[LA PRENSA 27 Oct]* 12
Cardinal Reportedly 'Pessimistic' About Dialogue *[EL NUEVO DIARIO 29 Oct]* 13

Panama

Supreme Court Rules Herrera's Arrest Legal *[Panama City TV]* 13
Arias Supports Supreme Court, Cruz *[Panama City Radio]* 13
Relatives and Lawyers View Decision *[Panama City Radio]* 14
Attorney General Cruz on Eduardo Herrera's Aims *[EL SIGLO 28 Oct]* 14
Proof Against Herrera To Be Presented *[LA PRENSA 29 Oct]* 15
Miranda Accuses Attorney General of 'Blackmail' *[Panama City Radio]* 16
Cruz Responds to Miranda Statements *[Panama City Radio]* 17
Newspaper Reports Conversations Among Coupists *[EL PANAMA AMERICA 30 Oct]* 18
Coupists Supposedly Expected Quayle 'Support' *[CRITICA LIBRE 30 Oct]* 19
Banking Association Communique on U.S. Treaty *[CRITICA LIBRE 30 Oct]* 19
ABP President Views Treaty *[LA PRENSA 30 Oct]* 20
Linares Denies Existence of Agreement *[Panama City Radio]* 20
Commission Suspends Interbanco Operations *[ACAN]* 21

SOUTH AMERICA

Argentina

Jujuy Governor Resigns Under Impeachment Threat *[TELAM]* 22
Chubut Governor's Resignation To Be Considered *[DYN]* 22
'Spontaneous' Protest Movement, Unrest Noted *[DYN]* 22
British Envoy Denies Extending Fishing Zone *[Buenos Aires Radio]* 23
Reportage on Cavallo Visit to Germany *[cross-reference]* 23

Brazil

Government Debt With Private Sector Disclosed *[FOLHA DE SAO PAULO 28 Oct]* 23
Previous Plans for Nuclear Bomb Discussed *[FOLHA DE SAO PAULO 25 Oct]* 23
Embraer To Dismiss Workers To Reduce Budget *[Brasilia Radio]* 24
Petrobras Releases September Oil Import Figures *[Brasilia Radio]* 25
3,000 Soviet-Made Cars Arrive at Port *[Rio de Janeiro TV]* 25
Reportage on Collor's Visit to Portugal *[cross-reference]* 25

Chile

Paper Lists Candidates for Army Positions *[LA TERCERA DE LA HORA 26 Oct]* 25
Aylwin Decides on Promotions *[Santiago Radio]* 25
Illegal Financial Enterprise Linked to Air Force *[Madrid EFE]* 26
Brazilian Economy Minister Arrives for Talks *[Santiago Radio]* 26
Ministry Files Charges Against 18 Terrorists *[Santiago Radio]* 26

Colombia

Kidnapped Journalists Send Message to Relatives *[Bogota Radio]* 27
Extraditables Admit To Kidnapping *[Bogota TV]* 27

Paraguay

Cavalry Commander Advocates Democratic Process *[HOY 28 Oct]* 28

Peru

UK Reportedly To Cooperate With Foreign Debt *[Madrid EFE]* 28
Another University Student Killed by Terrorists *[Madrid EFE]* 28
250 Policemen Dismissed on Various Charges *[Madrid EFE]* 28
Policeman Killed While Guarding Mayor's House *[Lima TV]* 29
* Effects of Fujimori's 'Pragmatism' Viewed *[DEBATE Aug-Oct]* 29

Cuba

Castro, Shenin Tour Biotechnology Center

FL3010214690 Havana Radio Reloj Network in Spanish 2102 GMT 30 Oct 90

[Text] Our commander in chief, Fidel Castro, and the Soviet delegation headed by Oleg Semenovich Shenin, member of the CPSU Politburo, have toured the installations of the genetic engineering and biotechnology center in Havana.

The first secretary of the Communist Party of Cuba briefed the distinguished guests on the characteristics of the institution, where close to 400 people work about 14 hours a day. He said that in the biotechnology center, more than 100 valuable products have been manufactured, such as vaccines against hepatitis B, different kinds of interferon, the epidermic growth factor, and the kit used to diagnose AIDS.

One of the buildings toured by the group was the pilot plant that includes a section dedicated to the production of protein for pharmaceutical purposes and to purify biomolecules.

The top leader of the Cuban revolution told the Soviet delegation that the biotechnology center in Havana has a staff of 400 scientists and highly-qualified personnel, 80 percent of whom are directly involved in production.

At the conclusion of the tour, the president of the Councils of State and Ministers spoke with the institution's young workers and engineers, who have had great success in the scientific development of the biotechnology sector.

The Soviet delegation and Fidel previously visited the Blas Roca contingent where the chief of the collective of workers, Candido Palmero, briefed them in detail on the work and tasks of the construction workers, who have set an example in the field of construction.

The visitors also toured the Hilatex Enterprise in Wajay as part of their agenda in our country.

Dominican Delegation Comments on Castro Talks

FL3010185990 Havana Radio Rebelde Network in Spanish 1800 GMT 30 Oct 90

[Text] Commander in Chief Fidel Castro has met with the Dominican delegation that will attend the ceremonies for the exhumation and transfer to Santo Domingo of the remains of Francisco Henriquez y Carvajal, a former president of the Dominican Republic. The ceremonies are scheduled for tomorrow, Wednesday, in Santiago de Cuba, the city where the former Dominican president died in 1935.

At the end of the talks, Monsignor Hugo Eduardo Polanco, president of the Dominican Academy of History and head of the delegation, gave newsmen his impression of the talk with Fidel.

[Begin Polanco recording] I did not know Castro personally, but my impression is that he is a very intelligent man who is very concerned about issues, and that he has a great memory. We wish to thank him for the effort that the Cuban Government and Castro himself have extended in order to make it possible for the Dominican Republic to transfer the remains of a former president to the Dominican National Pantheon. He has done this with great affection toward the Dominicans, and he has extended every courtesy that the Cuban Government could offer for this activity. [end recording]

Monsignor Polanco mentioned the cordial relations that have existed throughout Dominican-Cuban history, relations that have been characterized by fraternity and mutual friendship. Through Radio Rebelde, he sent a message to the Cuban people.

[Begin Polanco recording] We can say to the Cuban people that throughout history, we have been very united. We are very similar, and I hope that these friendly relations between Cuba and Santo Domingo, which are not official at this time, will be maintained throughout the course of time. [end recording]

* Fidel Castro Discusses Food Program

91p40020A Havana JUVENTUD REBELDE in Spanish 30 Sep 90 pp 8-9

[Editorial Report] The 30 September 1990 issue of the Havana Spanish-language newspaper JUVENTUD REBELDE reports on pages 8-9 on Fidel Castro's recent visit to that newspaper's office following the announcement of cutbacks affecting the print media. He discussed with the staff the reasons for the new measures, but the majority of his comments focused on the country's food program.

Castro stressed the importance of the microjet irrigation system for increasing agricultural output. The aerial method is especially efficient; although more costly, it requires little labor, extends the productive life of the plantations, and allows for more efficient use of space (machines do not enter the fields and the need for paths between the rows is eliminated).

It has been demonstrated, he noted, that rice output can be doubled if the fields are leveled. Water consumption can also be reduced by as much as 40 percent using this method, as was demonstrated in Pinar del Rio. Construction of flat terraces for rice production is currently a priority and once achieved will bring self-sufficiency in rice production.

He noted, however, that none of these plans are feasible without a labor force to implement them, and he referred to the labor shortage in Havana province and its effect in the fields. The urgency of this problem led to the mobilization of workers in Havana for agriculture tasks.

The solution to the problem is man, and good labor is obtained through proper attention to man, he said. For

this reason, the camps currently under construction for agricultural workers have five bed cubicles, nicely finished bathrooms, cold storage areas to preserve food supplies, fans and other comforts.

The agricultural sector has had to compete with other sectors for the available labor in Havana and for this reason has been unable to retain workers. Thus, he said, it is necessary to create attractive communities which provide agricultural workers and their families with the living conditions they require.

Castro said that recent visits to agricultural sites in Havana and Pinar del Rio convinced him once again that the problem of supplying agricultural goods to the population could never be solved by isolated farmers. Obtaining the necessary quantity of rice, for example, would require hundreds of millions of farmers, each as productive as his Chinese counterparts.

Those who continue to insist that a return to the free market would be the solution are mistaken, said Castro, and he invited them to analyze the yields obtained by the farmers. A bridge or a canal could never be built in these isolated areas and it would be practically impossible to apply technology.

Farmers working in this manner would never have been able to supply the high volume of eggs to the markets that the National Poultry Complex has been able to supply. But he did not discount the possibility that, if appropriate, some small-scale production could be put into the hands of farmers; he mentioned garlic, peppers and other crops.

He said that once the plans for Havana have been fully implemented (1992-1993) 200 kg of vegetables and tubers can be supplied to every individual in Havana province. This year they have produced six million quintales of these products and, according to conservative estimates, ten million quintales are expected for 1991.

Intensive development plans are also underway in Pinar del Rio and in Ciego de Avila province which will permit an exchange of products in case of a natural disaster. With the plan fully implemented there would be surpluses which could provide food for porcine centers. There may even be enough available for export.

With regard to water management, he noted that numerous dams are under construction in the country, for example along the Agambama River in Sancti Spiritus and along the Cauto River in Granma, which will permit better irrigation of rice, tuber and cane fields. He also referred to the construction of a canal system in Ciego de Avila.

On the subject of tourism, Castro said that investments in that sector would rapidly yield foreign exchange for the country. Cuba's "petroleum" is its climate, its crystalline waters, and the lack of pollution, he said, noting that knowing how to treat tourists is fundamental. He also mentioned that construction of earth causeways will permit access to the keys. With regard to the research being carried out in the field of pharmacology, Castro explained that scientists are working very hard in the biomedical institutes and laboratories and that resources will be made available for the construction of pilot plants to produce substances in cases where research has demonstrated their effectiveness.

Risquet Discusses PCC Congress, Missile Crisis

PA3010181190 Havana International Service in Spanish 0100 GMT 30 Oct 90

[Part I of an "exclusive" interview with Jorge Risquet, member of the Communist Party of Cuba [PCC] Politburo, by Pedro Martinez Pirez, at PCC Headquarters in Havana, date not given—recorded]

[Text] [Martinez] I have come to the headquarters of the Communist Party of Cuba [PCC], located here in Jose Marti Revolution Square, in Havana, to talk with PCC Politburo member Jorge Risquet Valdes regarding two chief topics. The first is the 1962 October crisis as Risquet participated in the events of that time as chief of operations of our country's Eastern Army. The second topic is the Fourth PCC Congress, to be held next year. A broad debate on the congress is taking place all across society. Before we begin the major topic of this interview, I would like to tell you that approximately two weeks ago, Radio Havana received a call from colleagues from Radio Reloj in San Juan, Puerto Rico. They called to ask if you were in jail, because they had very biased reports from Miami saying you were jailed in Cuba.

[Risquet] [chuckles] As for Radio Reloj's news, that is not just absurd but ridiculous. One would have to say that reports of my death have been exaggerated. I was jailed on several occasions by several bourgeois governments. The last time I was in jail was many years ago. I was arrested and had disappeared for 20 days, because they savagely tortured me, as was their practice. I had things to say, but neither blows to the arms or head nor having my fingernails yanked out was successful in getting me or my comrades to reveal anything. Comrade Oscar Fernandez Padilla and I were taken prisoner. When the police realized they were not going to get anywhere, the alternatives were either to kill me and my comrades or turn us over to the court. They opted for the latter to disprove a list of missing persons, which included the two of us. The list was submitted before the courts and published in the press, at a time when press censorship was lifted. The list was signed by parties that opposed the tyranny, and thus, carried weight with the media and public opinion. The police took us to the Matanzas jail in order to say we were arrested on that day, 10 January 1957, when in fact we had been captured in Havana on 29 December, 20 days following the Granma landing. The police chief, (?Hernardo Hernandez), hosted a news conference and said: As proof that the list presented by the opposition parties is false, two of the men mentioned in the list, Mr. Risquet and Mr.

Padilla, have just been arrested in Matanzas. And so, he said we were not kidnapped or missing for 20 days. Of course, this ploy was so crass that months later when we stood trial, the court exonerated us. It exonerated us, but we were arrested us a few months before. But I do not want to reminisce about those incidents, we filed suit against our torturers, before that court. To be sure, that trial never took place. Of course, the fall of tyranny and the punishment of its henchmen was the just and big verdict of the people against them.

[Martinez] You mean that the news the Radio Reloj colleagues received from Miami is 33 years old.

[Risquet] And it was distorted.

[Martinez] Let us talk of reminiscences. Not long ago, I read dispatches from Washington on the well-known memoirs by former Soviet Premier Nikita Khrushchev. I think that, in a biased manner and perhaps as an attempt to tap anti-Cuban sentiments in the United States, it is stated that Commander Fidel Castro had asked for a preemptive strike against the United States. I would like to hear your comments on the matter.

[Risquet] Your question is interesting. This distorted version of the historic truth came when a U.S. magazine published an installment of the third volume of a book reportedly written by Nikita Khrushchev. I do not know if the memoirs are genuine or false, or distorted. The only thing that is truly a fact, is that the remark attributed to the Soviet premier constitutes a warped reading of some of the messages Fidel sent him at that time. This may make it necessary for our commander in chief—although he clearly responded to the groundless report in his speech on the 30th anniversary of the Committees for the Defense of the Revolution, as you may recall ....

[Martinez, interrupting] And also in the Mexican newspaper EL SOL recently.

[Risquet] That is correct. Fidel also addressed this topic in an interview with the newspaper EL SOL.

However, Fidel may possibly present the evidence that refutes the statements attributed to Nikita. Nikita may have made an erroneous interpretation of some of Fidel's messages. Both Cuba and the USSR have files of the letters exchanged between both heads of state.

Meanwhile, I would not be surprised if Nikita had made distorted or fickle interpretations of any message sent by Fidel, because I turned out to be the last foreigner who talked to Nikita days before he left the government and the leadership of the CPSU. In the last two working sessions of the CPSU, Nikita many times used arguments that distorted and twisted reality, that is, he had this defect. Nikita was otherwise a friend of the Cuban people and we owe him thanks. However, I wanted to point out this charasteristic of his personality.

Rodriguez Comments on Castro, Foreign Relations

PA3010191390 Havana International Service in Spanish 0114 GMT 27 Oct 90

["Part III and final installment of exclusive interview with Vice President Carlos Rafael Rodriguez by Pedro Martinez Pirez;" at the Council of Ministers in Havana on 23 October—recorded]

[Text] [Martinez] I think that from the international point of view, Cuba has been forced to review its economic relations with other countries. You mentioned Latin America and the specific case of Brazil, which Castro visited just seven months ago. Dr. Rodriguez, I would like to ask you what factors prevent Cuba from being readmitted into the OAS?

[Rodriguez] I would say the United States is the fundamental factor, although there are other elements related to the United States. Some Central American countries—Costa Rica, for example—have acted in a cowardly way. Some Costa Rican forces have advocated a foreign policy different from that of the Costa Rican Government. In addition, we have experienced difficulties arising from the Salvadoran situation. But the United States is the fundamental reason for Cuba's not having returned to the OAS. As you know, on several occasions, even during the recent meeting of the nine, the need has been pointed out for all of the Latin American and Caribbean forces to be OAS members. There was even a statement by the seven—there are now nine—member countries of the Contadora Group and later the support group expressing the desire for Cuba to return to the OAS. We are not in a hurry. We are quiet because we know we are not alone.

We know our relations with Latin American countries are becoming closer and closer, even with Colombia. For certain reasons, Cuba and Colombia have agreed not to establish diplomatic relations. There has been, nevertheless, a relationship from Bethancourt's time to date. The presidents of the two countries talk to each other over the telephone and discuss things. Consequently, we are not disconnected even from countries with which we do not have diplomatic relations. There is time. We are not in a hurry. The development of the situation will determine Cuba's presence in the OAS. Meanwhile, we can say we have excellent relations with most of the Latin American member countries.

[Martinez] Dr. Rodriguez, after President Fidel Castro visited Ecuador, Mexico, Venezuela, and Brazil, a visit that had great repercussions in the continent and even the world, Peru and Colombia were left waiting for Castro's presence during the recent transfer of power ceremonies in these countries. The possibility of Castro's trip to Japan to attend the coronation of Emperor Akihito is now being talked about, as well as other invitations. Will Cuba be represented at Akihito's coronation?

[Rodriguez] Yes. We must say that Fidel thought about going to Japan. Distinguished personalities in Japan insisted that he go there. It will be impossible because, as you know, Fidel is fully immersed in the transformation taking place in our country, both in the debate on the party's program and in the execution of our priorities program. Instead, Jose Ramon Fernandez has been designated and will leave in a few days.

[Martinez] Last subject during this interview for Dr. Rodriguez. In your opinion, what is the most important aspect of the debate being held in our country after the call was made for the Communist Party of Cuba's Fourth Congress?

[Rodriguez] I think the most important thing is that this is a pleasant occasion for communism, in which all the people are particpating. Our people's absolute identification with socialism has been demonstrated. I think socialism (?can be improved). We do not have a perfect society, I would not call it so. We do not have a perfect society, but one that can be perfected. We are working to perfect socialism. We think we have one of the world's best socialisms, a genuine socialism that emerged from within, directed by Fidel and his other companions who were not members of the Communist Party, who created a new Communist Party with the leaders of the People's Socialist Party and the 26 July Movement, all of whom have a very broad vision of the national reality. They and all of the Cuban people are working for an improvement, and we are working with this objective in mind. The most important thing is that we are working with all the people, and that all the people support our leaders' stand. I think this is the fundamental thing in our country.

[Martinez] What will Cuba look like after the fourth congress?

[Rodriguez] After the fourth congress, Cuba will be even more democratic. There will be a degree of people's participation greater than there has been up to now, and we have had a great participation. As you well know, none of Cuba's great decisions has been made without or behind the backs of the people. Every one of these decisions, the Constituent Assembly, the family code, the criminal code, even the civil code, which is more technical, has been debated with the rank and file, the students, workers, and peasants. All of these decisions have enjoyed tremendous popular support. I think we will enjoy even greater support as a result of the party's call.

Increased Importance Placed on Economic Crimes

FL3010170290 Havana Tele Rebelde Network in Spanish 1100 GMT 30 Oct 90

[Text] The new court law that will go into effect in 1991 provides for the application of a (?new) penal policy to crimes against the nation's property, embezzlement, illicit gains, and other kinds of crime, Dr. Raul Amaro Salup said in an interview with journalist Teresa Valdes of GRANMA.

The new law also takes into account the legal situation during the special period. Amaro Salup said that problems of missing funds, embezzlement, and robbery of social and state properties have now been given increased importance. We cannot allow individuals to benefit at the people's expense, the president of the Supreme People's Tribunal said.

Armed Forces Delegation Arrives in Bolivia

FL3010193690 Havana Tele Rebelde Network in Spanish 1800 GMT 30 Oct 90

[Text] A delegation from the Revolutionary Armed Forces of Cuba has arrived in Bolivia to fulfill various official activities. The group is headed by Brigade General Ramon Andollo, chief of a Minfar [Revolutionary Armed Forces Ministry] directorate.

The delegation was received by Angel Brugues, Cuban ambassador to Bolivia, and Colonel Jose Cardenas, director of national higher studies. The institution Col. Cardenas represents invited the Cuban delegation. The mission is also composed of Colonel Fernando Almaguer, section chief of the Minfar, and Major Juan Luis Correa, from the Minfar's International Directorate.

Bermuda

Premier Sharpe Takes Over Labor Ministry

FL3010184690 Bridgetown CANA in English 1748 GMT 30 Oct 90

[Text] Hamilton, Bermuda, Oct 30, CANA—Former Premier Sir John Sharpe has taken over as Bermuda's labour and home affairs minister following the resignation last week of Irving Pearman.

Sir John, who also keeps his delegated and legislative affairs portfolio, has been acting home affairs minister for the past two months since Pearman went on leave of absence. Pearman, 63, resigned because of his daughter's illness and business reasons.

Grenada

Economists, Unions Worry Over Exports, Deficit

FL3010191690 Bridgetown CANA in English 1640 GMT 30 Oct 90

[Report by Richard Simon]

[Text] St. George's, Grenada, Oct 30, CANA—Grenada's weak export performance and growing fiscal deficit are fuelling fears among local economists and trade unions that government will have to seek help from the International Monetary Fund (IMF) to turn around the ailing economy.

These fears have been expressed against the backdrop of a current visit by an IMF team which is conducting its

annual assessment of the Grenada economy. The visit coincides with preparation of the 1991 budget, expected to be presented in December.

"There is no truth in suggestions that the government is seeking balance of payments and budgetary support from the Fund," Finance Minister George Brizan said.

One senior economist, however, questioned how Grenada can avoid going to the IMF in view of indications that there will be a projected deficit of about EC 30 to 40 million dollars (one EC dollar = 37 cents U.S.) for the forthcoming 1991 fiscal year.

"I think the government should level with the people now instead of putting it off till the last moment," he said. "At least they should know that our economy is in some difficulty."

One government official told CANA the government had put in place mechanisms to put the economy on a path towards growth. "....Until this fails, Grenada will not need to go to the fund," he said. Well placed sources said the IMF had proposed trimming the public sector as a means of keeping down government expenditure. Salaries and wages currently account for just over 50 percent of the government's budget.

Chester Humphrey, a spokesman for the Grenada Trades Union Council, said "there are not many other options open to the government at this time." However, he said trade unions would oppose discussions with the IMF without an input from labour.

A government source said new taxes would certainly feature in the forthcoming budget.

"There are not many doors open that would allow us to get away from some form of taxation," he said. "That too is a matter that will be politically unpopular, but it may be equally necessary." He said the abolition of income tax in 1986, and its replacement with the Value-Added Tax [VAT], had made collection much more difficult, and had resulted in a drop in revenue. But to abandon the VAT now would suggest some instability, he added.

"So we are caught between the devil and the deep blue sea," the official said.

Haiti

FADH Declares Neutrality During Elections

FL3010202090 Port-au-Prince Radio Nationale in Creole 1400 GMT 30 Oct 90

[Excerpts] The Haitian Armed Forces [FADH] High Command states that it is not involved in politics, in accordance to the provisions of Article 265 of the Constitution. It affirms the intention of the Army to remain neutral during the 16 December elections, and during all of the electoral process.

The head of the Army affirms that the security measures that were taken during voter registration will be reinforced so that the elections can be held under the best security conditions throughout the whole territory of the Republic.

Moreover, the Army High Command categorically denies allegations that the FADH supports a political party or a candidate for the elections. [passage omitted]

The Army High Command denies rumors which are implying the existence of dissension [as heard] within the high command, and between the high command and the Army grassroots. These fanciful rumors have no other purpose than creating confusion within the Army and within the country [as heard], and casting doubt on the military institution.

The Army High Command informs that the legal and constitutional decisions of the Provisional Electoral Council will be supported and respected by the FADH. [passage omitted]

Issues Weapons Restrictions

FL3010204090 Port-au-Prince Radio Nationale in Creole 1200 GMT 30 Oct 90

[Text] The Haitian Armed Forces [FADH] High Command advises that only members of the FADH, military men on the active list, are authorized to use war weapons in the performance of their duties.

Consequently, from the date of this note—29 October 1990—any and all civilians, including former soldiers, discovered with deadly weapons in their possession shall routinely be arrested for legal prosecution. This is a note issued by the Secretariat of the FADH High Command.

URN Claims 5 Countries Involved in Plot

FL3010131790 Port-au-Prince LE NOUVELLISTE in French No. 33.924 27-28 Oct 90 pp 1, 12

["Excerpts" from news conference by the Union for National Reconciliation [URN] with unidentified reporters in Port-au-Prince on 26 October]

[Text] On Friday [26 Oct], in Port-au-Prince, the Union for National Reconciliation (URN, neo-Duvalierist) [as published] denounced an alleged "gruesome plan" aimed at demolishing the Army, provoking civil war, and "putting Haiti under international supervision." Alphonse Lahens and Jean Theagene, URN vice presidents, and Serge Conille, URN executive secretary, asserted at a news conference that an "international conspiracy has reportedly planned assassinations and political terrorist acts, for which the Duvalierists will be wrongly accused," to sow fear and confusion.

According to them, teams of killers "made up of Haitians serving in the armed forces of foreign countries"—without mentioning any specific country—"and speaking Creole are allegedly ready to go on the attack."

They also denounced the complicity of two big shots in the Army and a perfidious general in this conspiracy—but without mentioning any name—and the existence of a list of 812 Haitian citizens who have to be "arrested or killed." Again, no names are given. They asserted that an "ultra-secret" meeting of the representatives of five foreign countries was held on 24 October within the context of this plan.

The URN spokesmen pointed out that members of the Armed Forces received "notification of the withdrawal and the nonrenewal of their foreign visas" but they did not mention the concerned country.

Sources close to the U.S. Embassy confirmed to AFP last Thursday that, the American authorities withdrew privileges enjoyed by the members of the Haitian Army such as their ability to get visas directly through the Embassy. The American authorities also stopped granting any new visa requests or renewals for soldiers.

The URN officials finally asserted that they would not use violence and that they would fight with "the arm of the Constitution and the laws" and issued a call to the country's different social strata for "general and permanent mobilization to avoid the civil war that is knocking on our doors. (AFP) [as published]

The URN presidential candidate [former Duvalierist Interior Minister Roger Lafontant] was remarkably absent from this news conference. His URN partners said he was busy at the West Departmental Electoral Bureau where he had to answer a challenge to his candidacy on this same day [26 October].

Trinidad and Tobago

Oil Revenues Said To Exceed Budget Estimates

FL3010200590 Bridgetown CANA in English 1847 GMT 30 Oct 90

[Text] Port of Spain, Trinidad, Oct 30, CANA—With high oil prices, Trinidad and Tobago collected 107 million dollars more than it had budgeted for in the third quarter of the year, according to Finance Minister Selby Wilson. But he told the DAILY EXPRESS the windfall would be offset by factors including a 125 million dollar (one TT dollar = 23.5 U.S. cents) shortfall in revenue from personal income tax for that period.

He said it was "anybody's guess" what the revenue from oil would be for the period October to December 1990. The paper quoted independent analysts as saying the treasury would realise more than 400 million dollars in extra revenue for the second half of this year as a result of higher oil prices. One suggested that revenue from oil would top the two billion dollar mark in 1990 for the first time since 1982.

In the 1990 estimates of government's expenditure, it was projected that 1.7 billion dollars would come from oil. The estimates were drawn up on the basis of oil at U.S. 19 dollars per barrel for the highest grade east coast crude produced by Amoco, the largest producer of oil in the country. Oil production in Trinidad and Tobago averages 150,000 barrels per day.

In June, prices slid to around U.S. 16 dollars a barrel and the land crudes produced by both the Trinidad and Tobago Oil Company (Trintoc) and Trinidad and Tobago Petroleum Company (Trintopec) were sold at average U.S. 10 dollars, four dollars less than what had been projected at the beginning of the year. For the first half of the year, oil revenues stood at 890 million dollars, slightly lower than what was expected.

The finance minister said government has taken a policy decision to withhold two-thirds of any surplus revenue from oil for a fund to rebuild the country's reserves.

Further on Militants' Seizure of German Consulate

LD3010135390 Hamburg DPA in German 1103 GMT 30 Oct 90

[Text] Mexico City (DPA)—The German consulate in Oaxaca in the south of Mexico was seized by a militant left-wing group yesterday. The German consul, Wolfgang Wilczek, is being held by five men, police reported from the provincial capital situated about 550 km southwest of Mexico City.

The occupiers, who say they belong to the "independent committee for the defense of prisoners, the politically persecuted, and the missing," demand the release of their chairman Felipe Martinez Soriano, the former vice chancellor of the University of Oaxaca, who has been in prison in Mexico City since the end of June. He is accused of having organized the assassination last April of two security employees of the Mexican daily "JORNADA."

Wilczek said in a DPA interview that the consulate was seized without the use of violence. He is being treated well, but is not allowed to leave the building. A spokesman for the group warned against police action to free the consulate and said the authorities would be responsible for the possible results. The consul should mediate between the group and the Mexican authorities in order to achieve a meeting with Mexican President Carlos Salinas de Gortari. According to police information, the negotiations are still in progress.

At teh time, two left-wing political groups, the "Secret Revolutionary Peoples' Union" (PROCUP) and the "Party of the Poor" [PP], said they carried out the assassination of the newspaper's two security employees on 2 April in Mexico City. There is no information about their links with the former vice chancellor of the University of Oaxaca.

Police Scatter PRD Demonstrators in Merida

PA3010185190 Mexico City NOTIMEX in Spanish 2142 GMT 29 Oct 90

[Text] Merida, 29 Oct (NOTIMEX)—Celerino Salazar Castellanos, state leader of the Party of the Democratic Revolution [PRD], reported today that riot police forcefully scattered about 1,200 peasants who were trying to take over the government administration building.

According to the PRD leader, approximately 80 PRD followers were injured during the action and were reportedly interned in private and Red Cross clinics.

However, the Merida Red Cross reported taking care of only three peasants who were beaten about the neck and head, but who could leave the clinic today because their condition is not serious.

The peasants were headed by Salazar himself and local PRD leader Oscar Sauri Bazan, who was also beaten, although not badly.

The peasants arrived at the government building after 1200, intending to take it over to protest various loan problems and to demand protection during the upcoming 25 November elections.

Some 100 riot policemen armed with shields, clubs, and tear-gas grenades scattered the group of peasants who had taken up positions in front of the cathedral and the government building. The peasants defended themselves by hurling rocks at the police.

Nevertheless, Jorge Martinez Lugo, secretary of roads and safety, reported that no policemen were injured during the operation.

Costa Rica

Labor Minister Resigns, Replacement Appointed

PA3110033790 San Jose Radio Reloj in Spanish 0100 GMT 31 Oct 90

[Text] A leader of the National Liberation Party [PLN] faction at the Legislative Assembly today said that Labor Minister Erick Thompson's resignation reflects the crisis that currently afflicts President Rafael Angel Calderon's Cabinet. He added that it is not true that the government official resigned for personal reasons. Instead, it is the result of a rift between economic and social groups, he said. PLN Deputy Otto Zuniga said that the situation was caused by the economic policy that is endorsed by the president.

PLN Deputy Sigifredo Aissa referred to Labor Minister Erick Thompson's resignation and said that this reflects the rifts that his faction has been reporting between the government's economic and social groups. He said that the labor minister's resignation is only the first phase of President Rafael Angel Calderon's collapse, because it is evident that the economic group's position is not supported by those who comprise the social group. Aissa emphasized that the rift that prompted the labor minister's resignation has progressively worsened, adding that the economic group is only interested in resolving the fiscal deficit without concern for the consequences that the measures will have on the poorest sectors. Deputy Aissa added that the rift and Thompson's decision to resign came about because of the proposal for a salary increase in the social group, which was rejected by the economic group—thus proving that Thompson had no authority in President Calderon's government team.

President Rafael Angel Calderon this evening revealed the name of the new Cabinet member who has been appointed to replace Labor Minister Erick Thompson Pineres. Carlos Monge Rodriguez is well known in political circles. He was a deputy and, until today, president of the Agrarian Development Institute. He has now been appointed labor and social security minister. The national labor unions have abstained from commenting on the new labor and social security minister's appointment because they are not acquainted with him and they have yet to talk with him—as they did with Dr. Erick Thompson Pineres.

El Salvador

Pacas Refuses To Discuss U.S. Decision on Aid

PA3010162590 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 30 Oct 90

[Text] Salvadoran Foreign Minister Jose Manuel Pacas Castro refused to discuss the United States' decision to cut off 50 percent of its military aid to El Salvador. He also said the existence of the Salvadoran Armed Forces is not negotiable. Pacas is attending the Central American foreign ministers meeting in Tegucigalpa. He added that he wanted to see the text of the resolution approved by the U.S. Senate and House of Representatives before making any comments about this matter.

Pacas Castro reaffirmed, however, that the Salvadoran Government will not make any commitments beyond negotiating quantity and quality changes in the Armed Forces during the current peace talks with the guerrillas. These negotiations are being held under the auspices of the United Nations. The Salvadoran foreign minister stated that the existence of the Armed Forces as such is not negotiable because it is supported by the Constitution.

Rosa Chavez on U.S. Decision on Military Aid

PA3010172090 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 29 Oct 90

[Text] Auxiliary Bishop Monsignor Gregorio Rosa Chavez has stated that the decision by the U.S. Congress to establish conditions on the U.S. military aid for the Salvadoran Army by 50 percent will stimulate and commit the parties in conflict to achieve greater agreements in the upcoming dialogue meeting that will be held by the parties in Mexico on 4 November. In view of this situation, the negotiations on the war have been intensified in spite of the violent acts in the country.

[Begin Rosa Chavez recording] First of all, I think that the news early today that the U.S. Congress has already ratified its decision on the budget—and the President said that he was going to sign it, I think—gives a solid framework for holding the next talks in a climate so that all will be encouraged to seek a negotiated solution. This attitude will be reflected at the negotiating table; however, as for the attitude and feelings of the people, I feel they are right in feeling so hopeless. I think there have been many incidents that do not hint at peace; therefore, there is a need for those who are in a capacity to do something toward changing it.

I would say that a new, a completely new framework has been established to change policy in El Salvador [words indistinct]. If we are all responsible, if we are all truly sensitive to change this, then the new framework offers true possibilities. To this effect, there is a more hopeful outlook, although the signs are so discouraging. We must look at everything more carefully, and then we will see that they are on the right path. May God help us so that in a short while the situation will change. [end recording]

The clergyman also stressed that the first anniversary of the deaths of the six Jesuit priests could present new possibilities for peace because we are talking about reactions, although the multiple murder carried out on 16 November 1989 has not been clarified yet.

Rosa Chavez urged labor and popular sectors to stage their street demonstrations peacefully and respectfully. The prelate recalled that 31 October marks the trade union workers' day, for which Fenastras [Salvadoran Workers National Union Federation] has prepared a

special activity to commemorate the first anniversary of the deaths of several labor leaders.

[Begin Rosa Chavez recording] We issue a call to remain calm. We hope that the day will be marked in a calm manner. It is a difficult time. It is a time in which the people's emotions run high and they demonstrate. This is normal, and is a part of all democracies. [Words indistinct] It is not good to suppress these demonstrations, as this is part of all democracies. Sometimes people get very nervous and feel the situation is not being handled well; however, if we want to speak of democracy, we must learn that these events are a daily occurrence and are normal within the framework of democracy. Naturally, we must also take into consideration the plans and motives. Therefore, I urge that everyone commemorate the day in an atmosphere of tranquillity and responsibility. [end recording]

Concerning the incidents during the week, he condemned the deaths of a young girl and young man who fell victim last Tuesday to an explosion at a private home located near the Armed Forces General Staff Headquarters in San Francisco neighborhood in San Salvador.

Government Warns FMLN To Respect Civilians

PA3110032190 Panama City ACAN in Spanish 1605 GMT 25 Oct 90

[Text] San Salvador, 25 Oct (ACAN-EFE)—The Salvadoran Government today urged the Farabundo Marti National Liberation Front [FMLN] to respect the lives, integrity, and security of the civilian population and to comply with the human rights agreement signed by the government and the FMLN on 26 July in Costa Rica.

The government's demand was made as military and guerrilla reports speak of at least 28 casualties suffered by the two sides over the past three days.

In the agreement cited by the government, the two sides committed themselves to avoiding actions that could represent a threat to the integrity, security, and lives of Salvadoran citizens.

The government claims, however, that the rebels have continued to attack military objectives. The most recent attack was on the Armed Forces Staff installations in San Salvador. Two minors died as a result of that attack.

The government has stated in a communique that "the FMLN, irrationally disregarding the will of the people, has increased its acts of violence that go against the most elemental human rights. It has increased its terrorist activities, and it is using powerful weapons," the communique charges.

It adds: "This FMLN position has prevented important progress from being made in the search for agreements and peace."

Government and FMLN negotiators will continue the dialogue for peace on 4 November in Mexico.

Concerning recent clashes, the Armed Forces have reported that five guerrillas and one soldier died, and 15 rebels were wounded in the town of San Jose Guayabal, in the central department of Cuscatlan.

Four policemen died and two more were wounded as a result of a guerrilla ambush against a military vehicle along a road in Chalatenango Department, in the northern part of the country, a rebel radio station reported today.

Arena Deputy Shot Killed in 'Holdup'

PA3110030390 San Salvador LA PRENSA GRAFICA in Spanish 26 Oct 90 p 2

[Excerpt] Arena [Nationalist Republican Alliance] Deputy Salvador Prieto Rivas, 72, was shot to death at a Cuscatancigo food stand. The tragedy took place at 2015 today as the deceased and his son talked at the Santa Clara food stand, located on Central Street in Santa Clara neighborhood.

According to witnesses, armed individuals stormed the place and shouted for everyone to keep still because it was a holdup. They immediately stole a wristwatch belonging to food stand owner Mrs. Ana Daysi FLores. The robbers then shot the deputy in the abdomen, killing him instantly. The deputy's son took out his weapon and shooting broke out. One of the assailants was wounded during the getaway. He was given first aid by paramedics and taken to a hospital. [passage omitted]

Rights Group Reports on Deaths, Disappearances

PA3010181090 Panama City ACAN in Spanish 0010 GMT 25 Oct 90

[Text] San Salvador, 24 Oct, (ACAN-EFE)—The Salvadoran Human Rights Commission (nongovernmental) (CDHES) said today that between January and September 1990, 1,017 people had been murdered and 632 captured, while 127 had disappeared.

In a tally on human rights violations in El Salvador during the first nine months of 1990, the commission attributed 553 captures to the Armed Forces and 79 to the Farabundo Marti National Liberation Front (FMLN).

Likewise, the commission said there were 813 murders committed by the Army, 21 by the guerrillas, 140 by unidentified persons, and 43 by involuntary manslaughter during the same period.

The CDHES blames the Armed Forces for the disappearance of 127 people, 96 of them under "circumstancial" situations.

The CDHES rejected today "all types" of military actions that affect the civilian population, referring to the foiled guerrilla attack against the Armed Forces General Staff Headquarters, which killed two and wounded three.

"We believe that the FMLN should view these events with greater concern and take immediate measures aimed at protecting the civilian population," the commission warned, which has repeatedly been accused by the government of being a guerrilla "front."

Two people were killed, including a seven-year-old girl, and three more wounded on 23 October, when two powerful explosives fell on their home, which was hurled by the FMLN against the Armed Forces General Staff Headquarters, to the northeast of San Salvador.

The government, the Armed Forces, and political leaders condemned this attack, which directly affected the civilian population but did not cause any military casualties. So far the guerrillas have not claimed responsibility for the attack.

"We call on the FMLN to increase measures aimed at protecting the civilian population. In similar previous cases, it was again the population that was affected the most. We believe the guerrillas should be more concerned and adopt immediate measures to halt this," the CDHES said.

Weekly Roundup on Clashes With FMLN

PA3110004490

[Editorial Report] The following is a compilation of reports on clashes between the Farabundo Marti National Liberation Front, FMLN, and the Salvadoran Army between 21 - 27 October.

(Clandestine) Radio Venceremos in Spanish to El Salvador at 0000 GMT on 21 October reports that a grenade left by Army soldiers in La Laguna, Chalatenango Department, exploded and killed one man and seriously wounded two others. Radio Venceremos also reports that on 15 October, Army planes straffed and bombed the area of Cerro Grande, Chalatenango Department. On 17 October, the rebel radio reports, Army Detachment No. 4 captured six people in Morazan Department, "accused them of collaborating with the FMLN, tortured them, and threatened to kill them."

Radio Venceremos also reports 19 October clashes between FMLN and Army forces in Perquin, Morazan Department, as a result of which the Army suffered two casualties. Army helicopters later straffed the area. On 19 October, FMLN units and Army forces clashed in Cacahuatique and in Morazan Department, but there were no casualties, the report notes.

San Salvador Radio Cadena Sonora in Spanish at 1803 GMT on 22 October broadcasts a five-minute battle report by the Press Committee of the Armed Forces, Coprefa. According to this report, in camps abandoned by the FMLN in Perquin, Morazan Department, and in San Vicente, the authorities have found six bodies and seized much ammunition and materiel for making explosive devices.

The report adds that on 20 October, five FMLN rebels were wounded during a clash in Perquin. "Two men and a woman were wounded on 20 October by a claymore mine placed by terrorist groups in el Pedregal, La Libertad Department," Coprefa reports. The report adds that "a power tower supporting primary cables of the national electrification system was downed by terrorist groups in Santa Anita Canton, Usulutan," on 20 October.

(Clandestine) Radio Venceremos in Spanish to El Salvador at 0000 GMT on 23 October reports that on 21 October, FMLN units took control of the Suchitoto - San Martin Road, Cuscatlan Department. There were clashes in the area, and the Army suffered eight casualties. The Army forces had aicraft support. At 1700, an Army helicopter was seriously damaged by FMLN antiaircraft fire. The helicopter had to leave the area, the report notes.

The report adds that as a result of an FMLN ambush with mines against an Army cavalry squadron on 22 October, "the Army suffered four dead and three wounded." The ambush took place in Apastepeque, San Vicente Department. The four mines hit a light tank transporting troops.

(Clandestine) Radio Venceremos in Spanish to El Salvador at 1600 GMT on 23 October reports that "in the 15 days that the Army's Arce Battalion and troops from Military Detachment No. 4 have been conducting an operation north of the Torola River, the Army troops have suffered 36 casualties."

San Salvador Radio Cadena Sonora in Spanish at 1818 GMT on 23 October broadcasts a Coprefa report that notes that as a result of a clash in Suchitoto on 22 October, a national policeman and a soldier were wounded. A helicopter operating in the area was attacked with rifle fire and hit by one bullet. The report adds that five Treasury policemen were wounded in La Palma, Chalatenango, as a result of a terrorist ambush. According to the report, one Arce Battalion soldier died in a clash on 22 October on the outskirts of San Miguel.

(Clandestine) Radio Venceremos in Spanish to El Salvador at 0000 GMT on 25 October reports that on 23 October, FMLN units in La Pena Canton, San Miguel Department "fired at and damaged a low-flying Army helicopter, forcing it to make an emergency landing. The aircraft's gunner was wounded." The report notes that four policemen died and two were wounded as a result of an FMLN ambush on a truck transporting policemen in Chalatenango on 23 October on the road from La Palma to El Refugio.

The rebel radio station reports that fighting between Arce Battalion troops and FMLN forces continue in Morazan. The report notes that in the morning of 24 October, in La Libertad Department, FMLN units downed two power towers.

Mexico City NOTIMEX in Spanish at 1734 GMT on 25 October reports that on 24 October the Salvadoran Army attacked an FMLN camp in Los Rivera, San Jose Guayabal Municipality, Cuscatlan Department, and as a result of the incursion, "the rebels suffered five dead and 15 wounded. The government forces acknowledged one casualty."

(Clandestine) Radio Venceremos in Spanish to El Salvador at 0000 GMT on 26 October broadcasts an eight-minute military report according to which on 25 October, FMLN units attacked Arce Battalion forces in Perquin and wounded one soldier. In a clash with soldiers in Jocoaitique, Morazan Department on the same day, one soldier was wounded. On 25 October another soldier was wounded in the same area and "FMLN forces damaged a helicopter, which was forced to leave the area. Later three helicopters and a plane arrived and straffed and bombed the area. It is believed that civilians were wounded in this attack," the report notes. The report adds that on 24 October, FMLN units destroyed 15 light poles and two power towers, and a primary line was cut at Miguel Hill. On 23 October, according to the report, guerrilla units clashed with Atonal Battalion troops in Berlin Municipality, and the battalion suffered one dead.

(Clandestine) Radio Venceremos in Spanish to El Salvador AT 0000 GMT on 27 October reports that in a clash in Gigante Hill, Perquin, the Army suffered two casualties.

Nicaragua

Former Contras Ready To Renew Fighting

PA3110023690 Panama City ACAN in Spanish 2040 GMT 30 Oct 90

[Text] San Jose, 30 Oct (ACAN-EFE)—Former fighters of the disbanded "contras" today charged in Costa Rica that "hundreds of people were wounded and several persons are missing" as a result of a Nicaraguan Army attack this past Saturday [27 October] in southern Nicaragua. The former fighters threatened to renew the war in their country.

In a communique issued in San Jose, the Democratic Revolutionary Alliance-Southern Front said that its fighters have taken positions in the mountains south of Nicaragua and are prepared to renew war activities against the government of Violeta Chamorro. They have accused the Nicaraguan Government of breaking the cease-fire commitment.

The anti-Sandinists gave Chamorro a 24-hour deadline to fulfill commitments guaranteeing the lives of the rebels. The commitment was signed on 12 June.

The rebels accused Chamorro of governing in alliance with the Sandinists. They said that President Chamorro has "the approval" of international organizations "involved with the reconciliation effort."

The former fighters have charged that this past Saturday, Nicaraguan Army forces, backed by armed helicopters, attacked several farms where former rebels live with their families. As a result of this attack, "hundreds are wounded, and several people are missing," the rebels reported.

They also said that the soldiers disarmed the local police force, which is comprised of former contra fighters. Ten former guerrillas, including Commander Oscar, the local police chief, and "Chacal," were arrested and tortured for two days before the peasant settlement was attacked, the rebels' report notes.

The rebels added: "Several of our regional commanders have taken to the mountains in response to the war-like attitude of the government, which has broken the agreements."

The communique, signed by Jose Guerrero Rostran, alias Commander Navegante, and William Castrellon, concluded by stating that the rebels hold the Nicaraguan Government responsible "for any future war-like confrontation."

Officials Tour in Search of Foreign Financing

PA3010221990 Managua Radio Sandino in Spanish 1200 GMT 29 Oct 90

[Text] The concerted agreement will be the central point that a group of ministers, led by Central Bank President Francisco Mayorga, and Deputy Foreign Minister Noel Vidaurre, will use to obtain financing to pay the approximately $300 million that Nicaragua is delinquent on what it owes to the World Bank and the IMF.

Their tour will start late this week in anticipation of a meeting of donors in Paris on 3-4 December, a meeting convened by the IMF and the World Bank, Mayorga disclosed.

Once we have paid off the debt, we will be able to request preferential treatment, Mayorga reported.

Let us hear Dr. Mayorga:

[Begin recording] [Mayorga] There is something that is very important here. The concerted agreement states that we will switch to the gold cordoba as soon as possible, consistent with a reduction in the inflation rate. If we succeed in curbing the inflation rate, it means that the time has come to switch to the gold cordoba. At the same time, since we are going to travel next week [as heard] to initiate our efforts to obtain international aid, with the backing of this agreement, I believe that we will be able to secure the external resources we need, and I do not see any problem.

[Reporter] What are the efforts you will be involved in beginning next week? Could you give us details?

[Mayorga] Two government delegations will travel late next week. One of them headed by [Economy and

Development Minister] Silvio De Franco and Vidaurre and the other by Foreign Minister Enrique Dreyfus and me. We will visit 10 countries. De Franco's tour includes Spain, Italy, Germany, Belgium, where the European Community headquarters are located, and France. Foreign Minister Dreyfus and I will go to the Netherlands, Denmark, Norway, Sweden, and Finland. Aside from that, we will be involved in negotiations in Washington and Canada. What does this mean? We will try to promote a consultative meeting of the donors to Nicaragua, a meeting that is planned for 3-4 December in Paris. The arrangements have been made. On 2 December, a second preparatory meeting will be held for this meeting, and we hope that we will make progress not only in consolidating and confirming the Rome commitments, but in obtaining additional resources.

[Reporter] How much do you hope to obtain in additional resources during this second meeting?

[Mayorga] We will make an overall proposal in the second meeting. We are trying to obtain a financial package that will range between $300 and $350 million to pay off whatever is delinquent with the IMF and the World Bank. These efforts are being made to make sure that the doors of these two institutions will open for us to obtain special resources. It will involve substantial foreign aid funds that will be approved in March and April. These funds will begin to flow in the second half of 1991 to support our reactivation and the recovery of our economy. [end recording]

Cosep Stance on Agreements May Cause Split

PA3010162490 Managua EL NUEVO DIARIO in Spanish 28 Oct 90 p 1

[Text] The decision made by Ramiro Gurdian, president of the Union of Nicaraguan Agricultural-Livestock Producers (Upanic), to not sign the concerted agreement accords has annoyed some sectors of the Higher Council of Private Enterprise (Cosep).

Yesterday it was learned in journalism circles that the different chambers and organizations that make up Cosep have been lobbying and that many members are of the opinion that the concerted agreement document should be signed as soon as possible, perhaps tomorrow, 29 October.

Radio newscasts have reported a supposed split between the country's most important businessmen. Specifically mentioned as a possible leader of a Cosep splinter group is the Pellas economic group.

The Pellas and other business groups have often reiterated that Cosep should concern itself with the profit-making capacity of the businesses "and not lose the workers' cooperation," since the business sector is at stake.

Cosep Is Isolated

According to political commentators, Gurdian's decision not to sign the concerted agreement document "was a serious mistake" because this isolates Cosep from taking part in future political decisions within the government.

It is these reflections, added to the previous problems, that have apparently motivated the alleged Cosep split and the challenge to Ramiro Gurdian's decision.

EL NUEVO DIARIO reporters have learned that there are meetings scheduled at the Cosep offices, at the Nicaraguan Construction Chamber, and at the bar association.

The announcement of these meetings has caused serious apprehension because of a possible expected formal split between the businessmen over the decision by a strong sector of Cosep to sign the concerted agreement document.

Old Conflict

One must stress that Cosep's internal problems date back a long time because of the ultraright position of its main leaders.

Who does not recall the expulsion from Cosep of businessmen Juan Diego Lopez and Luis Baez in 1988 because they accompanied President Daniel Ortega to the first conference of donors that took place in Sweden?

New Economic Relations Established With USSR

PA3110041890 Managua LA PRENSA in Spanish 27 Oct 90 pp 1, 16

[Report by Celso Canelo Candia]

[Text] Soviet Deputy Foreign Trade Minister S.V. Diachkov and Nicaraguan Deputy Foreign Minister Noel Vidaurre yesterday signed an "aide-memoire" establishing new economic and trade relations between the two countries. Before signing, the Soviet delegation attended a series of meetings with Nicaraguan Government delegates to analyze aspects of trade, economic, and technical cooperation between the countries and their outlook for 1991.

They also discussed preparations for the sixth meeting of the inter-government Nicaraguan-Soviet joint commission. The USSR commission voiced its interest in expanding economic relations under the new principle of mutual benefit. Vidaurre added that another of the objectives of the visit by the Soviet delegation is to negotiate Nicaragua's foreign debt with the USSR. Diachkov said Nicaragua's debt totals $3 billion, and that the authorities may negotiate payment of the foreign debt for over a 40 year period, during which time Nicarguan products are to be delivered to the Soviet Union.

The Soviet official added that his country is thinking of undertaking, in the years to come, several joint enterprises in Nicaragua, chiefly in the field of mining. "That would be a new way to help friendly countries," he stressed. On another matter, the Nicaraguan Government official said that relations of friendship with the USSR have been marked by cooperation and technical and scientific aid. "The new government will now increase that friendship, within the framework of mutual respect," he said.

Diachkov also stated that the Nicaraguan people are thankful for all the economic and commercial aid the government of the USSR has offered to them. "We hope that cooperation will always be maintained," he noted. Vidaurre stressed that the USSR is undergoing substantial political and economic change, just like Nicaragua, and that is why we are today going to be more united than ever.

Cardinal Reportedly 'Pessimistic' About Dialogue

PA3110030790 Managua EL NUEVO DIARIO in Spanish 29 Oct 90 p 16

[Text] Cardinal Miguel Obando y Bravo is pessimistic about the results of the national dialogue agreements. He says that these might bring stability to the country, "but not for very long."

During his homily at the Las Sierritas church on 28 October, the cardinal urged the churchgoers not to adopt a Manichaean mentality. He urged them not to be so optimistic that everything is seen through rose-colored glasses and not to be so pessimistic that everything appears gloomy. He said that one cannot act in this manner. Many times when the problems are seen with a Manichaean mentality, it is "believed that the Sandinist Front's program is full of life and that the new government's program is full of death."

He believes, however, that the national dialogue "is an effort to reach a consensus" so that there will be peace in the country.

In this regard, he said the government has "achieved its main objective," which, according to him, was "to hold a dialogue with the Sandinist Front."

He added that although "I would like stability to last a long time, it will not exist for long because the tension will come later and because there are two programs that cannot be reconciled. There is the program of the Sandinist Front and that of the rightist pro-U.S. parties grouped in the UNO [National Opposition Union]. [quotation marks as published]

Nevertheless, Cardinal Obando y Bravo did not analyze the lack of patriotism and nationalism that led Cosep [Higher Council of Private Enterprise] to refuse to sign the national dialogue agreements. Asked by this newspaper's reporter to comment on this, Obando y Bravo replied in what seemed to be an indifferent tone: "There are so many heads, so many ways of thinking."

Panama

Supreme Court Rules Herrera's Arrest Legal

PA3010191990 Panama City Circuito RPC Television in Spanish 1730 GMT 30 Oct 90

[Text] A few minutes ago, the Supreme Court of Justice ruled that the arrest of former Colonel Eduardo Herrera is legal. The Supreme Court asserted there are reasons that justify the arrest of Herrera, and that, in the course of administering justice, it rules that Herrera's arrest be sustained. Previously, the Supreme Court of Justice had also ruled that the arrests of Captains Carlos Ivan Moreno and Francisco Herrera were legal.

Arias Supports Supreme Court, Cruz

PA3010230390 Panama City Radio KW Continente in Spanish 2148 GMT 30 Oct 90

[Text] Following a lengthy meeting at the Presidency to evaluate the events surrounding former legislator Otilio Miranda's denunciation of Judicial Technical Police employees, the attorney general, and other authorities, and regarding the former soldiers arrested for allegedly plotting against the government, First Vice President Arias made the following statements:

[Begin recording] [Arias, in progress] ...as you know, all judicial matters must be investigated by the attorney general and be prosecuted by the regular courts and the Supreme Court. The attorney general has apprised the president and the government and justice minister of his investigations. During our meeting, we were informed that the Supreme Court has declared the arrest of Colonel Eduardo Herrera to be legal.

[Reporter] What is your opinion of the current application of [word indistinct]?

[Arias] I believe that the attorney general's office and the Supreme Court are adhering to the law regarding the writ of habeas corpus that is being processed. They are acting according to the law and the de jure regime, and are not showing any leniency, which is as it should be. The entire investigation is being conducted by the Attorney General's Office and the Supreme Court is considering the writ of habeas corpus. This is how it should be and the Government Ministry has no influence whatsoever over either the investigation or the writ of habeas corpus.

[Reporter] Mr. Vice President, why did you not say this in the beginning? When Eduardo Herrera was retired, why did you not say that....

[Arias, interrupting] We did not have judicial information, we did not have complete information, and we enforced the constitutional decision concerning the authority of the president and the government minister,

setting aside the investigative portion which, eventually, would be taken care of by the Attorney General's Office.

[Reporter] Dr. Arias Calderon, [words indistinct] the attorney general's explanations thus far?

[Arias] We are acting in accordance with a de jure regime, and I am pleased with that. [end recording]

Relatives and Lawyers View Decision

PA3110013490 Panama City Circuito RPC Television in Spanish 2309 GMT 30 Oct 90

[Passages in italics are recorded]

[Text] Colonel Eduardo Herrera's relatives and counsels for the defense held a news conference this afternoon. During the news conference, it was stressed that the Supreme Court of Justice's ruling, declaring the detention of Herrera legal, does not meet the reality of the controversial situation. Here is Xenia de Herrera, the wife of Colonel Eduardo Herrera:

[Xenia de Herrera] *It is truly sad to see my husband in there. He does not deserve this. He has been a very good man, and his career has been clean. I am here to demand justice for him.*

[Lawyer Gilma de Leon Quintero] *Otilio Miranda is the same person he always was. He is now, however, pointing his finger at a different person. He is now pointing to the person who last night used the only moderately powerful means available to him under the current legal system; this person, based on Miranda's previous statements, reached the conclusion—without having Herrera even listen to it—that there was sufficient evidence to summon Col. Herrera for trial.*

During the news conference, the wife of Captain Francisco Herrera, who is also detained, said that the weapons that Col. Herrera allegedly would have used for the alleged coup d'etat are in someone else's hands. Capt. Herrera's wife refers to Toty Bares, director of the Institutional Service.

[Capt. Herrera's wife] *There has been a report of some weapons, right? While Col. Herrera was out of the country, the arms in question were handed over by my husband, Capt. Herrera, to Toty Bares. This is what I want to clarify on behalf of my husband.*

In addition, Counsel for the Defense Rafael Rodriguez questioned the Supreme Court of Justice's decision declaring the detention of Col. Herrera legal.

[Rodriguez] *We had anticipated this decision, but we wanted to hear it so that the country, students, and professional lawyers could also ponder it and the court's new image. This is a political decision which we had anticipated.*

[Reporter] *Are the court's decisions definitive and final? If this is so, what would be the next step?*

[Rodriguez] *They are final, but we will keep struggling.*

[Lawyer Diogenes Arosemena] *The habit in Panama—and this is a carryover from the dictatorship—is for habeas corpus writs to be resolved with a somewhat political criterion. There is no true respect for this old and illustrious institution, the court. In the court we had under the previous government, habeas corpus writs were not even handled. These resources are not properly handled now either, because between 24 and 48 hours are allowed to resolve them on a priority basis. Such a thing, however, never happens. Habeas corpus writs take as much time as the court wants. I am very concerned because at such a level, neither the writ of amparo nor the habeas corpus writ are yielding the results they should, as institutions intended to guarantee the defense of personal rights.*

Attorney General Cruz on Eduardo Herrera's Aims

PA3010163490 Panama City EL SIGLO in Spanish 28 Oct 90 p 10

[Report by Aneldo Arosemena]

[Text] Attorney General Rogelio Cruz has said that he does not believe Eduardo Herrera or his civilian and military supporters have ever tried to carry out a coup to overthrow the legally constituted national government. Cruz made this assertion in spite of the fact that Herrera is being accused of other crimes as well.

This statement by Cruz appears in a note he sent to Supreme Court Justice Arturo de Hoyos in answer to a habeas corpus appeal presented yesterday evening by Herrera's attorney, former Attorney General Rafael Rodriguez.

Cruz's note has a 26 October dateline, but it arrived at EL SIGLO via facsimile yesterday at 1319. The note states that Herrera is being held on orders from the Attorney General's Office and that Cruz is talking with the appropriate authorities so that the military member is brought before the Supreme Court justice in charge of appeals.

I telephoned Diogenes Arosemena Grimaldo, a well-known attorney, to get his opinion on this subject. He said that Herrera, who is being held in Naos Island under maximum security measures, could be released in the next few hours. Arosemena Grimaldo said that the charge against Herrera, that he was the head of a coupist plot against the current government, is classified as illegal association to commit a crime and acts against the state.

In note No. DPG-3324, Attorney General Cruz states that although Herrera was not planning to carry out a coup d'etat, he is being accused of having committed other crimes. These accusations are being made based on a statement made by Captain Ivan Moreno in front of National Police director Ebrahim Asvat, PTJ Director Leslie Loaiza, David District Attorney Emilio de Leon, and Cruz himself. Statements by Special Antiterror

Service Unit Sergeant Anibal Martinez Franco and by former legislator Otilio Miranda, of the pro-Noriega sector of the Labor Party, have also served as a basis for the accusations against Herrera. Martinez Franco and Miranda claim that Herrera knew about the explosives that were placed in various places in Panama City and Chiriqui. Miranda said that Herrera admitted to him that he had decided that the government had to be changed and that for this reason destabilization activities would be carried out.

Herrera is also being accused of being responsible for the loss of weapons when he was at the head of the National Police. According to Cruz, all this provides enough grounds for the arrest of Herrera.

Cruz has also said that the investigations have confirmed that the former police director, together with other members of the Public Force institution, had been involved in activities aimed at creating instability and unrest and disturbing public order prior to Herrera's retirement. Their activities involved the placing of bombs first in Panama City and then in Chiriqui. Cruz states in his note that Herrera and his followers had been asking for economic support to organize demonstrations aimed at creating instability with the idea that, at a given moment, the demonstrations would become uncontrollable, at which time the Public Force would be prevented from placing itself at the disposal of the constitutional government and from safeguarding public order and the normal functioning of the state's institutions.

Cruz adds in his note that the destabilization activities were to culminate on 16 October with Captain Moreno seizing the David Barracks. Cruz explains in his letter that so far it has not been established why Captain Moreno was unable to seize the David Barracks, and the authorities do not know if there were plans to seize other barracks in other parts of the country.

Cruz reports that he and Loaiza knew that Herrera was involved in destabilization maneuvers prior to the colonel's retirement. That information was passed to President Endara and Government Minister Arias Calderon. These authorities decided to retire Herrera when he was in the United States and before the evidence was entered into a record and charges were filed. These preliminary summaries will be added to the ones being currently prepared against Herrera.

Contradicting what Cruz has stated, a key witness in the Herrera case said the following in a handwritten letter that was surreptitiously taken out of Modelo Prison: "Some officials have offered to secure my immediate and unconditional freedom in exchange for a statement involving Colonel Eduardo Herrera, as well as civilians such as the governor of Chiriqui Province and some zone commanders, in an alleged plot against the government."

Meanwhile, Diogenes Arosemena has reported that a client of his, Porfirio Caballero, a military member, reportedly has also been asked to involve Herrera in the alleged coupist plot against the national government.

Proof Against Herrera To Be Presented

PA3110004090 Panama City LA PRENSA in Spanish 29 Oct 90 p 1-A

[Report by Zoila Rodriguez Jovane]

[Text] A source involved in the investigations of (retired) Colonel Eduardo Herrera's actions has told LA PRENSA that the unexpected removal of Col. Herrera as chief of the Public Force [FP] was due to his involvement in subversive activity.

The source added that at the time of Herrera's retirement, the real reasons were not disclosed so as not to hinder the investigations. The source added, however, that there is "conclusive evidence" of the destabilizing activities carried out by the man the civic groups have identified as the soldier who carried out the "Black Friday" action, the biggest repressive action that Noriega's soldiers launched against the civilian population.

The source added that even though in the beginning the investigations were based on statements made by former Legislator Otilio Miranda in his confession to authorities, it was not until proof was available that indicated that Herrera was promoting a destabilizing movement that the decision to remove him as FP chief was made.

The source said that neither Herrera nor his attorneys are aware of the existence of this "conclusive evidence," like recordings of telephone conversations with union leader Manuel Mora, Captain Carlos Ivan Moreno, former Lieutenant Lazaro Gonzalez, and former Major Francisco Herrera, during which they spoke in code about a shipment of weapons from Costa Rica and a destabilization plan.

All this proof, and more, will be presented before the Legislative Assembly today by Attorney General Rogelio Cruz and the prosecutors responsible for investigating the case. Cruz will attend the Assembly session at the request of the legislators and will provide details of the case and present the proof, which includes a number of recordings of telephone conversations with people involved in the case.

In his first sworn statement, Otilio Miranda said that while he was running from the law, he sent his son, Lenin, a former Noriega bodyguard, to contact Herrera, who was then the FP chief. Lenin was to ask Herrera to help his father get out of the country. Lenin is also one of the persons involved in the kidnapping and death of Marco Rodriguez, former Col. Marcos Justine's grandson.

According to Miranda, Herrera agreed to help him and was given $5,000, a house in the reverted area, a red Lincoln, and a Land Cruiser, to escort Miranda to the border with Costa Rica. From Costa Rica Miranda flew to New Orleans.

Miranda said that Herrera was the one who planned the failed bombing near the home of the comptroller general and that he also admitted to having close ties with union leader Isaac Rodriguez and left-wing university students, such as the FER-29 [Revolutionary Students Front], to destabilize the government. The information given by Miranda regarding the location of the explosives resulted in the arrest of former Major Porfirio Caballero, an explosives specialist and former Explonsa [National Explosives Company] director.

According to Miranda, Herrera suggested to him some destabilizing actions to be carried out on 16 October during the workers' demonstration. The plan was not carried out, however, because the operative who was to deliver the weapons, with which the plotters would support the operation, did not show up.

Herrera contacted Miranda even after he retired from the FP. This contact was made through Judicial Technical Police [PTJ] Director Leslie Loaiza who, in a covert operation, provided them with a room and some comforts at the PTJ installation. Here they once again talked about actions against the government. This conversation was recorded by the PTJ director and will be presented as proof today at the Legislative Assembly.

An observer in the Chiriqui highlands, where groups trained for this type of action are deployed, told LA PRENSA that the authorities are looking for 1,000 AK-47 rifles supposedly to be used in destabilizing actions against President Guillermo Endara's government

The existence of this arsenal is not linked to the so-called M-20 paramilitary group, although it is believed the arsenal is in some way connected to the guerrilla camps reported in the area.

The search was prompted by statements by former Legislator Miranda, who said he had been given a Uzi machine gun and a 9mm handgun. These weapons came from a container full of AK-47's and ammunition hidden somewhere in Algarrobos, in the District of Baru, in the Chiriqui highlands.

Miranda's declarations concur with tape recordings of coded conversations between two of the alleged coupists, in which Lazaro (Gonzalez) in Costa Rica told Ivan (Moreno) about the "shipment of bananas," which was really arms and ammunition.

Apparently Herrera had discovered that Loaiza was recording their telephone calls. He told Miranda not to say anything else, because "everything is being recorded...even in the toilet."

Miranda Accuses Attorney General of 'Blackmail'

PA3010140390 Panama City Radio KW Continente in Spanish 1209 GMT 30 Oct 90

["Statement to the press" read by former Legislator Otilio Miranda in Panama City "in the early morning hours" on 30 October—recorded]

[Text] Citizens: At this time, I wish to make some charges public, as I have been blackmailed and bribed by the Office of the Attorney General, which is a sham under the leadership of Rogelio Cruz. From the very beginning, we were aware of the blackmail and persecution that has recently been taking place in our country, particularly against a great military member, a humble and distinguished man such as Colonel Eduardo Herrera Hassan.

We will never go against a friend, against a man who has distinguished himself throughout the nation for his public, humanitarian, and social actions. Gentlemen, for many months I have been persecuted. I have been attacked by the Panamanian authorities from the very moment I arrived in this country from the United States.

We have been trampled on many times, and I can clearly speak now and publicly accuse Lieutenant Falcon from the very first minute I was made prisoner in a cell of the former UESAT [Special Antiterror Service Unit] in Naos Island. There, I was placed under psychological pressure that greatly harmed my health. At any time during the night, Falcon would call me in to ask me where there were weapons and what I knew of Eduardo Herrera, and to say that Eduardo Herrera was a different chapter [as heard] and that I had to report where my son, Lenin, had weapons, as he had participated in the commando groups of the intelligence service in Panama.

Mr. Falcon pressured me many times, and he went to extremes. I am accusing him, and only him, of being responsible for making public in the LA PRENSA column "In a Few Words" an accusation to the effect that Otilio Miranda was sponsoring guerrillas in Costa Rica to destabilize the Panamanian Government.

That is blackmail, that is a lie, that is deceiving the Panamanian citizens, because the only thing that Otilio Miranda has done is to serve the people of Dolega, Boquete, and Gualaca with loyalty and affection as a legislator. No one can erase the projects I carried out there because I always helped the poor people.

I was recently taken in an illegal manner to the PTJ [Judicial Technical Police] offices. I can say it was in an illegal manner because I was not given the opportunity to go with my lawyers. Mr. Rogelio Cruz was there. He was accompanied by David Prosecutor Emilio de Leon, Magistrate Herrera, Mr. Bares of the president's security, and PTJ chief Leslie Loaiza. Cruz told me that he wanted me to make a sworn statement referring to Colonel Eduardo Herrera Hassan. I told him this was fine, but that I wanted to make the statement in the presence of my lawyers. He replied that this was not necessary, that this was not important because he was just going to file it and he only wanted to have some proof. Knowing this, I decided to answer all the questions he asked. Sometimes I would not answer his questions, but he continued writing.

From the first moment, I understood that this was a scheme against Col. Eduardo Herrera, and I wanted to

show the Panamanian people, as I am showing them right now, the blackmail and bribery by Rogelio Cruz, who should be punished in this country. He told me that I should not worry because he was going to release me. He immediately called David Prosecutor De Leon, who was nearby, and told him: Look, on Monday, Otilio Miranda's lawyer, Emilio Batista, will be in Chiriqui so that you can resolve all the problems he has there with suits that are still pending. I am going to take care of the problems he has in Panama. We are also going to release an account he has at the Savings Bank. For this purpose I want you [Miranda] to send your wife to my office on Monday so that I can give her the instructions to release the account.

As he suggested, my wife went to Cruz' office today [29 October], but I knew this was blackmail and nothing was going to be obtained. In any case, I was not interested in that. What I wanted was to show the Panamanian people the type of government leaders and attorney generals we have in Panama.

I repeat, what has been done to Col. Herrera is blackmail, persecution, and an evil thing. Col. Eduardo Herrera does not deserve such treatment, and the Panamanian people know this.

To conclude this statement, I want to make known to the entire country that whatever happens to me or my family, I directly accuse Rogelio Cruz, Lieutenant Falcon, and the authorities who sponsor blackmail and fraudulent actions in our country.

[Unidentified speaker says: "Say the date."] I am talking today, 30 October 1990. Today is 30 October 1990, when I am out of jail. I am enjoying the freedom that Rogelio Cruz was offering me all week long to try to bribe me so that I would testify against Col. Herrera.

Cruz Responds to Miranda Statements

PA3010184290 Panama City Radio KW Continente in Spanish 1353 GMT 30 Oct 90

[Interview with Attorney General Rogelio Cruz by Mayin Correa, host of "The Word" program—live]

[Excerpt] [Correa] We have Attorney General Rogelio Cruz on the line. Attorney General Cruz, what will happen now that Mr. Otilio Miranda [former Labor Party legislator] has retracted his statements?

[Cruz] Mayin, good morning to you and to all your listeners. I want to answer your question in two ways. First, I want to tell you that in Eduardo Herrera's case, Otilio Miranda's original statements should not have been taken seriously. These words, coming from a prisoner, were not credible. He was a man who became rich with Noriega. It now turns out, however, that people believe Otilio Miranda. In these circumstances, I would like to announce the following, regardless of any other question you may have: I challenge the defense lawyers of Eduardo Herrera to bring Otilio Miranda before the Attorney General's Office so that I can question him. Eduardo Herrera's defense lawyers will also be able to question him. I am going to make it public. I am going to do it in the presence of all journalists and lawyers who would like to be there.

By doing this we will be able to prove, first of all, that Otilio Miranda's statements, along with other pieces of evidence, prove either that Eduardo Herrera is guilty or that his statements are simply useless. If we cannot use his statements to prove Eduardo Herrera's guilt, then they also cannot be used to incriminate the Attorney General's Office. I insist, therefore, on challenging Eduardo Herrera's lawyer to present Miranda to the Attorney General's Office, in the presence of the national and international press, in which the Attorney General and Herrera's lawyer will have the same opportunities to question him.

[Correa] Attorney General Cruz, is it true that Otilio Miranda was taken home by an official, who has the trust of Judicial Technical Police [PTJ] Director Leslie Loaiza, and answered questions from journalists there? He even said he had been there on 26 October and that he had pictures to prove it. How was he able to escape from prison?

[Cruz] I will explain this to you in the following manner. Otilio Miranda—I am afraid I must admit—is a very skillful man. He fled Panama with the assistance of Eduardo Herrera and was later arrested in the United States and deported to Panama. As soon as he arrived in Panama he began to win the confidence of various officials, not only inside the Attorney General's Office. He began to cooperate with the National Police in the investigation of some weapons that were allegedly hidden in Chiriqui Province.

I remember that Loaiza and National Police chief Fernando Quesada traveled to Chiriqui Province, and with the information provided by Otilio Miranda, they were able to recover some of the weapons—not all of the weapons he had reported, but a sizeable amount nonetheless. From that time, Otilio Miranda became an informant of the National Police. Before he made his statement to me he had made other statements to Ebrahim Asvat, current National Police director, long before Eduardo Herrera's retirement. His statements to Asvat were recorded. When he appeared before me last week, he informed me about these things and I really doubted his statements, as is usual in these cases. To convince me, he said: What I am telling you now, I already told Mr. Asvat before Eduardo Herrera was retired. Those statements are included in a recording I made to Asvat. That recording exists. This morning I learned that Prosecutor Emilio de Leon has the recording and I understand that other radio stations will broadcast it so that the community realizes that Otilio Miranda did not tell us this last week, but that he told us many weeks ago.

Thus, under these circumstances, we must admit that Otilio Miranda started to gain a certain amount of

confidence, to the point that yesterday at noon he telephoned me from the Modelo Jail at my office. He told me he recalled he had a document handwritten by Eduardo Herrera in which Herrera asked Otilio for a 50,000-balboa contribution to finance actions against the government. He asked me to send someone to pick him up, but not to send too many guards because if he left with too many guards everyone would notice.

Then, yesterday afternoon, acting on my orders, Loaiza sent for him and took him to the PTJ. When we left the Legislative Assembly last night at about 2000, Loaiza arrived at his office and then remembered he had Otilio Miranda there. Loaiza then sent Miranda with a few guards to his home. There is where Otilio Miranda took advantage of the situation to escape, and later showed up with Eduardo Herrera's wife to make these statements.

I believe the community should be attentive to the fact that the first thing the criminals do is to discredit the authorities that are following a penal case against them. We are aware of that. We have been successful by using informers under arrest. We have also had our failures when we have used informers under arrest.

I feel we were successful yesterday in the Legislative Assembly when we showed the community that the foiled coup is not a myth, that we did not make it up, that it was and continues to be a fact. Today, we are confronted by a failure, and such is life.

We continue fighting with the same strength and even greater strength, however, to show the criminals that there is an attorney general who is working, and that in the long run we will not only bring before trial, but also condemn, Eduardo Herrera and all of his associates in this campaign of destabilization against the national government and the democratic institutions. This campaign actually began prior to Herrera's retirement, when bombs were detonated in Panama City and then later five bombs were detonated in the city of David.

No one made up those stories about the bombs in Panama City and David, and we already have evidence that proves Captain Moreno, following the orders of Eduardo Herrera, was the man instructing the military currently in the National Police to place the bombs in David.

That is the work we are doing. We know it is very difficult and dangerous work, and perhaps this is one of the most serious risks we are taking. Perhaps I fear less the words of criminals than the bullets of criminals, particularly in an atmosphere of democracy where a criminal who had no credibility even from Herrera's lawyers is today considered an idol of democracy and a defender of justice, who must be believed in blind faith. [passage omitted]

Newspaper Reports Conversations Among Coupists

PA3110010890 Panama City EL PANAMA AMERICA in Spanish 30 Oct 90 p1A

[Report by Juan Pritsiolas]

[Text] A 15 October telephone conversation between Captain Ivan Moreno and Lieutenant Lazaro Gonzalez, chief of the Puerto Armuelles Detachment, suggests the possibility that the participants in the alleged conspiracy against President Guillermo Endara were planning to send a shipment of weapons to be used in a march to the Presidency which was organized for 16 October.

EL PANAMA AMERICA has managed to obtain the tape recording on which the individuals allegedly involved in the destabilizing plan talked in code about a "banana (weapons) shipment for the Presidency." On the recording, Moreno instructs Gonzalez to tell "the people (officers) that the mess and the fishing had been postponed until further notice...but the demonstration is unchanged," as planned.

The Attorney General's Office also has a recording of a conversation between Moreno and Chiriqui Province bus owner Manuel Mora, on which the officer asked if the province unions had prepared "something (a demonstration), because anything is good." Mora talked of some calls to Sicotrac [Union of Public Transportation Drivers]. In addition, there is a recording of former legislator Otilio Miranda on which he stated that he provided a Land Cruiser and another car to then Police Chief Eduardo Herrera, as well as a house in the reverted areas and $5,000 so that he could leave the country.

Following his deportation from the United States, Miranda disclosed that Herrera told him of planned "destabilizing activity because things are a mess, and we had to do something to change the government." The former legislator stated that Eduardo Herrera said that he "ordered" the bombs that exploded in the home of Comptroller General Ruben Dario Carles and had planned to "burn" the newspaper EL SIGLO. Herrera also asked Miranda to work on getting economic backing for his cause. The men discussed the possibility of Miranda requesting a $25,000 loan from a Costa Rican bank.

Otilio Miranda stated that Herrera confirmed that he had contacts with unions in all provinces and had everything "worked out" with the police zone chiefs. Moreover, Acting Police Chief Ebrahim Asvat said that internal investigations conducted in his organization rule out the participation of U.S. elements in Herrera's plans. He also charged that several weapons, including 9mm pistols, T-65 rifles, and mini-Uzi machine guns used by the retired colonel's bodyguards, are missing, so an investigation is underway.

On another matter, the Supreme Court ruled yesterday that the arrest of Captain Francisco Herrera, brother of the former police chief, was legal. Francisco Herrera is allegedly involved in crimes against the state. The Court

found that there is testimony and other evidence to link the officer to punishable actions, and that the government had not violated the Constitution.

Chiriqui Higher Court Prosecutor Emilio de Leon felt that the authorities must extend the investigation to all the zone chiefs, because Capt. Ivan Moreno stated that many of them were involved in the plot. De Leon stated that Moreno said he would not continue talking "because his life and those of his relatives were in danger."

Coupists Supposedly Expected Quayle 'Support'

PA3010180790 Panama City CRITICA LIBRE in Spanish 30 Oct 90 pp 64, 37

[Report by Roberto Cubilla]

[Text] Attorney General Rogelio Cruz said last night that "the coup against President Guillermo Endara's government was to be conducted on 16 October or on the 22nd. Colonel Eduardo Herrera and his brother, Captain Francisco Herrera, who were expecting support from U.S. Vice President Dan Quayle, were completely involved in the coup."

Cruz and Leslie Loaiza, head of the Judicial Technical Police, were summoned by the Legislative Assembly to "explain" details about the attempted coup. According to investigations, former National Police Chief Col. Herrera was to head up the coup.

Cruz said that on 16 October, Capt. Francisco Herrera met with three labor leaders, whom he did not identify, and "other civilians," together with presidential adviser Carlos Young Adames. They met at the McDonald's by the San Fernando Clinic. From there they went to "a commercial establishment owned by Victor Berrio," who accompanied Arnulfist leader Carlos Young Adames.

According to Attorney General Cruz, Young Adames said in a sworn statement that at the meeting they spoke about a constituent assembly, quick elections, a coup d'etat and establishing a provisional government junta.

According to the sworn statement, Young Adames was offered the leadership of the provisional government junta. It was established that he would be "accompanied by other civilians."

Cruz said that Capt. Herrera has denied being present at that meeting or knowing the people singled out as having attended the meeting.

Cruz said that there was a conspiracy to commit a crime and that there were plans to destabilize President Endara's government and to commit other crimes.

He said that two of the arrests ordered by the Attorney General's Office have been declared legal by the Supreme Court. He said that the court has not yet decided on a writ of habeas corpus, in favor of Col. Eduardo Herrera, that was presented by his lawyer, Rafael Rodriguez.

He said that the two bombs placed in the homes of Finance and Treasury Minister Mario Galindo and of Comptroller General Ruben Dario Carles, and the five bombs that exploded in the Province of Chiriqui, are part of the destabilization plan, discovered two weeks ago by the Attorney General's Office.

Banking Association Communique on U.S. Treaty

PA3010203790 Panama City CRITICA LIBRE in Spanish 30 Oct 90 p 8

[Communique issued by the Panama Banking Association in Panama City on 30 October]

[Text] During the past few years, the Panama Banking Association has been carrying out a resolute and persistent struggle against the use of bank services to channel money which is the product of illicit activities, especially fighting the "laundering of money" from illegal drug trafficking.

Since 1984, the member banks of our organization have signed the code of conduct on bank operations, a document that is directed at reinforcing the principles of adequately knowing clients and preventing improper practices that might help the deliberate or accidental use of banks for "money laundering."

In 1986, the association actively participated in drafting law 23 of 1986, which modernized the legal instruments available to our society to prevent and punish drug crimes.

More recently, in 1988, the institutions affiliated with our association signed their adherence to the declaration of principles of the International Bank of Settlements, of Basel, Switzerland, an instrument that represents the most updated set of norms to combat "money laundering" within banking activities, both locally as well as internationally. Numerous banking systems have also signed this declaration.

Beginning this year, the banking system has strengthened its control measures through the declarations that, based on what is established in Decree 41 of 1990, must be made on cash deposits and withdrawals of 10,000 balboas or more.

Because of these actions, the local and international community must not have any doubt about the banks' moral and professional commitment to continue participating in the struggle against money laundering, through the systematic strengthening of sound banking practices and through cooperation agreements between Panama and other countries.

Regarding the draft mutual legal assistance treaty with the United States, our association believes the government should evaluate the advisability of additional agreements that will effectively contribute to the struggle against drug crimes.

In this regard, we have told the government that such should not place the country or Panama's international banking center at a disadvantage vis-a-vis countries with similar service economies and banking centers.

Specifically, we believe that a legal instrument of this kind should refer to crimes that are established as such in both countries, that tax and exchange matters be eliminated from the scope of its application, and that requests for assistance be duly evaluated through judicial procedures and agencies.

In conclusion, we want to reiterate to the Panamanian community the banking institutions' willingness to continue their daily and systematic effort against the use of banks for criminal ends, a commitment that stems from the most fundamental moral principles of the banking profession.

Panama City, 30 October 1990.

ABP President Views Treaty

PA3010221190 Panama City LA PRENSA in Spanish 30 Oct 90 p 2A

[Report by Elkilia Santos]

[Text] Panama Banking Association [ABP] President Edgardo Lasso Valdes has said that it is no secret that the United States is pressuring the Panamanian Government to sign the Mutual Legal Assistance Treaty. He added that the ABP is currently analyzing the draft of the aforementioned treaty.

Lasso Valdes said that after thoroughly discussing the Mutual Legal Assistance Treaty, the ABP concluded that the United States is obviously pressuring Panama to sign it.

As an example of U.S. pressure, Lasso Valdes mentioned the recent publications linking high-ranking government officials and the Panamanian banking center to the laundering of drug money.

Lasso Valdes said that news reports saying that bankers are opposed to the cleaning of the banking center lead one to believe that we are corrupt individuals. He said that these reports are being used to pressure Panama and that, therefore, he rejects them.

Lasso Valdes added, however, that Panama needs assistance, even from the United States, as well as a Mutual Legal Assistance Treaty that will protect Panama's interests.

The ABP president said that we also must try to consider Panama's interests in this agreement. In other words, both countries should sit down to discuss an agreement that will affect both of them.

The ABP has recommended including within the treaty the investigations on crimes in both countries, such as money laundering, kidnapping, and murder.

Tax evasion must not, however, be included in the draft of the treaty that is being studied, because this crime has nothing to do with Panama. Tax evasion is considered a much more serious crime in the United States.

This is the most worrying issue because, according to Lasso Valdes, the Panamanian banking center is used by many people who have nothing to do with drug trafficking, money laundering, or any other crime, but who will be scared off by stricter banking laws.

The president of the ABP said that if the tax evasion issue is eliminated from the Mutual Legal Assistance Treaty, ABP will support the treaty.

Regarding the possibility that the Panamanian banking center may collapse should this treaty be approved as it is now, Lasso Valdes said that no treaty can force banks to shut down their operations if their business is legal, but "if they are involved in illegal business, we are not concerned about seeing them shut down."

Lasso Valdes concluded: "What worries me the most is that if depositors—who are mostly foreigners—feel tighter controls on deposits even though they have not been involved in a crime, they may stop using the Panamanian banking center."

Linares Denies Existence of Agreement

PA3010234190 Panama City Circuito RPC Television in Spanish 2303 GMT 30 Oct 90

[Text] Panamanian Foreign Minister Julio Linares has reported that no U.S.-Panama legal aid aggreement or pressures for such an agreement to be signed exist. The minister also reported the presence of U.S. Principal Deputy Secretary of State for Inter-American Affairs Michael Kozak in Panama.

[Begin recording] [Linares] You will surely understand that such pressures, should they exist, cannot be discussed in public. One has to be reserved out of diplomatic discretion.

[Reporter] Can you tell us whether an agreement exists or not and whether it has been signed by the president of the Republic?

[Linares] No, there is no agreement. Several accords, however, have been discussed. Mr. Kozak has come to Panama precisely to resume the negotiations, which will continue tomorrow. [end recording]

Commission Suspends Interbanco Operations

PA3110023990 Panama City ACAN in Spanish 0050 GMT 31 Oct 90

[Text] Panama City, 30 Oct (ACAN-EFE)—The Interoceanico Bank (Interbanco) was taken over today by the (government) National Banking Commission. President Guillermo Endara was secretary and member of the board of directors of Interbanco, which the U.S. authorities have accused of "laundering" money for Colombian drug traffickers.

According to an official communique taped to the door of the bank this evening, the commission has taken provisional control of Interbanco's assets, assumed its administration, suspended its operations with the public, and appointed Erasmo Castro as trustee.

According to DEA reports, the late Colombian drug trafficker Gonzalo Rodriguez Gacha (El Mexicano) and his close associates had various accounts—of several millions—in the bank.

Endara announced this week, following international media reports about his connections with Interbanco, that he had resigned from his posts at the bank on 31 May but that he still has "two $100 shares."

The main bulk of the bank's shares, more than 90 percent, were recently sold by Colombian Engineer Guillermo Ronderos to a group of Panamanian investors led by Carlos Gonzalez de la Lastras.

The Lawyers College and Panamanian businessmen recently denounced that a series of reports, recently published in Europe and the United States, about Endara's connection with Interbanco was a U.S. Government campaign to exert pressure on the president so that he will sign a bilateral treaty which will affect the confidentiality of Panama's banking system.

Michael Kozak, Principal Deputy Secretary of State for Inter-American Affairs, arrived in Panama on Monday 29 October to meet with Panamanian authorities and discuss the terms of that treaty, which Washington considers essential in preventing money "laundering."

The Panamanian Government and bankers have criticized the draft presented by the United States because it is believed that the agreement will affect the country's banking system by allowing the investigation of banking accounts for fiscal issues that are not considered a crime in Panama.

Argentina

Jujuy Governor Resigns Under Impeachment Threat

PY3110013190 Buenos Aires TELAM in Spanish 2222 GMT 30 Oct 90

[Excerpts] San Salvador de Jujuy, 30 Oct (TELAM)—Jujuy Governor Ricardo de Aparici today resigned after the Jujuy congress asked him to do so, "given the chaos and violence the province is experiencing," states a document signed by provincial congressmen from different parties.

The provincial congress asked the governor to resign as a large crowd of people summoned by a multisectoral organization made up of 40 entities, intermediate organizations, and labor unions protested in front of the congress building.

The presidents of the Justicialist Party, Radical Civic Union, Jujuy Popular Movement, Republican Force, and Independent Parties announced to the people in front of the congress that they had signed a document requesting the governor's resignation. [passage omitted]

There were tense moments today at noon in front of the glass doors to the congress as a crowd of workers struggled to break into the provincial congress building. [passage omitted]

The incident that caused the outbreak of claims in the province was the provincial public workers' demand wage compensations for May, June, and July; payment of a pending portion of their bonus; and a salary readjustment for July, August, and September.

The provincial executive branch had sent congress a draft bill requesting authorization to issue bonds for 75 billion australes to pay provincial public workers. These bonds, which the workers labeled "IOU's," would only serve to pay taxes, and the workers therefore rejected them.

The provincial legislature finally expressed itself today through a document that stated that it would impeach Governor De Aparici if he refused to resign. [passage omitted]

Chubut Governor's Resignation To Be Considered

PY3110014690 Buenos Aires DYN in Spanish 2004 GMT 30 Oct 90

[Text] Rawson (Chubut), 30 Oct (DYN)—Fernando Cosentino, vice governor of Chubut, was about to be sworn in as the new interim governor at 1800 this evening after the resignation of Governor Nestor Perl.

Perl resigned at noon today but the provincial legislature will decide tomorrow whether to accept his resignation.

At the same time, the Accusation Court [Sala de Acusar] of the Chubut legislature decided today to file charges against Perl for failure to fulfill his duties and for alleged embezzlement; therefore the legislature decided to suspend Perl for 30 days.

Although no decision was made on the institutional way Perl will officially leave (whether by resignation or by suspension), Vice Governor Cosentino was ready to be sworn in to replace Perl.

Political sources indicated that the news about Perl's resignation or suspension show the seriousness of the social situation created by the economic recession and the financial bankruptcy of Chubut.

Justicialist Higinio Cambra, president of the Accusation Court, told DYN this afternoon that "even if a decision is made tomorrow to accept his resignation, the political proceedings will continue" in accordance with the provincial Constitution.

'Spontaneous' Protest Movement, Unrest Noted

PY3110023090 Buenos Aires DYN in Spanish 2230 GMT 30 Oct 90

[Text] Buenos Aires, 30 Oct (DYN)—The resignation of the governors of Jujuy and Chubut Provinces is the result of similar processes that marked the beginning of a new phenomenon of spontaneous unity among the people to protest. This phenomenon is taking place amid a serious economic crisis that affects several provinces from the north to south of the country, as well as within the context of the strict economic adjustment plan implemented by President Carlos Menem.

Nestor Perl and Ricardo de Aparici today resigned as governors of Chubut and Jujuy Provinces, respectively, within an atmosphere of resistance and popular mobilization organized—on this occasion and contrary to Argentine tradition—by groups independent of any political leaning.

Workers, housewives, students, small businessmen, and farmers decided to get together to express their demands through the so-called "multisectoral" organizations, which have proliferated lately as forces of opposition to government measures, including noneconomic measures.

To a great many people, these informal organizations represent a change in the political structure that prevailed in the country for decades and a loss of the political parties' power.

These multisectoral organizations—which reject any political or labor union identification—summoned thousands of peoples to request the resignations of the Jujuy and Chubut governors as a result of the political and economic instability in those provinces.

This phenomenon seems to worry the Menem administration, especially following the statements of Interior

Minister Julio Mera Figueroa who admitted that "there is a beginning of an upheaval among some sectors of the population" in Jujuy.

Many provinces are unable to meet their commitments as a consequence of the financial difficulties they are experiencing. The education, justice, and health services are suffering serious budget problems that allow them to operate only on a partial basis.

Strikes among public workers and the delay in paying their salaries create an atmosphere of social unrest that affects the economic activities in the provinces.

According to unofficial reports, there are more than 100 public workers for every 1,000 inhabitants in some provinces, especially in the northwest, which shows how dependent the provincial economies are.

Provincial governors travel to Buenos Aires periodically to request financial aid, but most of the time they face the harsh position of the central government, which does not want to jeopardize the national economic plan by granting funds to the declining regional economies.

Meanwhile, Menem recommends that the provincial governors make efforts similar to those made of his administration to guarantee the success of the economic adjustment.

De Aparaci and Perl, both from the Justicialist Party, today left government. Nobody can assert with a minimum certainty what will now happen in their provinces and in many others that are trying to combat the growing rates of recession and unemployment and which, in the midst of the crisis, want better living conditions.

British Envoy Denies Extending Fishing Zone

PY3010180090 Buenos Aires Domestic Service in Spanish 1500 GMT 30 Oct 90

[Text] Within the sphere of foreign relations, we must say that British Ambassador Humphrey Maud has stressed that his government has not yet made any decision on the possibility of extending the fishing zone around the Malvinas, and he indicated that he had only received a suggestion in this respect from the Kelpers [preceding word in English].

Maud stated that the newspaper report about this eventuality—referring to a report published in the newspaper CLARIN—came after consultation with Argentine diplomatic sources and to resort to the same sources if more information is wanted.

Reportage on Cavallo Visit to Germany

WA3010171890

For reportage on the visit by Foreign Minister Domingo Cavallo to Germany, including reports on his talks with German Foreign Minister Hans Dietrich Genscher, please see the Germany section of the 13 November West Europe DAILY REPORT and subsequent issues.

Brazil

Government Debt With Private Sector Disclosed

PY3010234290 Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Oct 90 p B1

[Excerpt] The federal government owes its suppliers and clients of the private sector between $10 and $14 billion. This figure was disclosed by a government commission studying the debt. The first inventory showed a debt of $20 billion, but the commission believes that after the debts of the different state companies are matched, the total debt will drop by about 30 to 50 percent and that the debt will be from $10 to $14 billion.

After the inventory is over the commission will try to put the debt together and negotiate its payment because there is no remote possibility that the government can pay it all at once. This sum is the equivalent of 1 trillion to 1.4 trillion cruzeiros and is at least twice the amount that the government plans to pay next year to the foreign creditors. Jorio Dauster, the official negotiator of the foreign debt, reported on 25 October that the government has decided that it has $5.1 billion available for this type of payment. [passage omitted]

Previous Plans for Nuclear Bomb Discussed

PY3010214090 Sao Paulo FOLHA DE SAO PAULO in Portuguese 25 Oct 90 p A-3

[Commentary by Luiz Pinguelli Rosa, physics professor at the Federal University of Rio de Janeiro (UFRJ), spokesman of the Brazilian Physicists Society, and coordinator of the science and technology area of the Workers Party (PT) parallel cabinet: "The Truth About Cachimbo and the Nuclear Bomb]

[Text] Having symbolically closed the borehole at the Cachimbo Air Base, and having finally admitted that it had been dug for an underground nuclear test, the president of the Republic later declared in the United States that the autonomous nuclear program included the Solimoes Project for the construction of a nuclear bomb. First, we must emphasize the importance of an official acknowledgement of this serious fact which had until then always been denied by every administration, including the current one.

In 1986, when FOLHA DE SAO PAULO reported on the digging of an extremely deep borehole by the Air Force at the Cachimbo Base, a committee of the Brazilian Physicists Society (SBF) released a technical report concluding that the borehole had the dimensions and all the characteristics of the boreholes used for testing a 10 to 20-kiloton nuclear bomb. Throughout the subsequent years there have been denials and reactions to this conclusion. At that time, I was contacted by engineer Arno Bertoldo—former president of the Rio de Janeiro Professional Association of Geologists—who informed me that the borehole was being dug. I discarded the

possibility that the borehole would be used as a radioactive-material dump because the dimensions were not right for this, and advised him to make the news known to the public to force the Sarney [former Brazilian president] administration to explain it. As a result, Elvira Lobato—FOLHA DE SAO PAULO correspondent in Rio de Janeiro—published a report that caused tremendous repercussions. The reportage was immediately denied by the nuclear "staff" [previous word in English], which was basically the same group that makes up the current autonomous program.

Physicists Fernando Souza Barros and Anselmo Paschoa (who is currently working at the National Commission for Nuclear Energy—CNEN) were members of the SBF committee and I was its spokesman. We released a caustic report which pointed out, however, that there was not enough fissionable material in the country to conduct such a nuclear test. With the construction of the Navy Aramar plant for uranium enrichment, however, the current situation is different. Paschoa, who preferred to wait for the government to explain the objective of the borehole, did not agree to the idea of publishing the contents of the report and that is why the SBF sent the report to President Sarney. The government took a long time to answer it and did so only in an evasive manner: They said that the report was going to be submitted to a data base check on its contents.

The Brazilian Society for the Development of Science (SBPC) then made up a committee that was presided over by Jose Goldemberg. Azis Ab'Saber and Amelia Hamburger were also members of the committee and I was its spokesman. Goldemberg believed that the committee did not have enough facts on which to make a judgment. I suggested, therefore, that we release a partial conclusion: The information that we were able to check indicated that it was that required for a nuclear test, although our data was not sufficient to prove it.

The debate did not cease in the years that followed. In 1988 I had a long altercation at the JORNAL DO BRASIL with journalist Carlos Sardemberg. Government officials continued to deny the military objective of the autonomous military program.

During the Collor government, a working group was organized within the Secretariat for Strategic Studies, which included a strong military presence, to reorganize the nuclear program. I was invited to lecture there in my double role as president of the Brazilian Society for Energy Planning and as the representative of SBPC President Ennio Candotti. I heard the same negative answer as always.

On the eve of President Collor's statement that he would fill in the Cachimbo borehole, a meeting was held at the Advanced Studies Institute of the Sao Paulo University. Sitting at the table were: Admiral Othon Silva, director of the Navy Nuclear Center in Aramar; Sao Paulo University Rector Roberto Leal Lobo e Silva Filho; Jaime Marcovitch, the Institute's director; CAPES [Coordination of Advanced Training for Higher-Level Personnel] President Eunice Durham; members of the SBF commission; and Luis Carlos de Menezes, the energy coordinator of the shadow cabinet. I made the accusation on the Cachimbo borehole, and during the debate the admiral admitted that it was intended to be used for a nuclear test. It was the first time that an official had admitted it publicly, but the press did not publish anything. That was Friday, 14 September, at 1930. On Monday, 17 September, the president of the Republic announced that he was to close the borehole and that it would be available for broad journalistic coverage. I am sure that the uncomfortable position of the Brazilian Government, in the wake of the Kuwait crisis, contributed to this following the military technology cooperation with Iraq.

The most recent report by the SBF commission, which was discussed at the SBPC annual meeting in July, demonstrated that at Aramar it is possible to enrich enough uranium to make a bomb. Given a small amount of uranium for a nuclear submarine reactor, it would be possible in just one week to produce the critical mass for a nuclear bomb. Thus, it is not enough just to close the Cachimbo borehole. The report proposes, therefore, the formation of a committee of technicians, subordinate to Congress and supervised by independent scientists, to continuously oversee the unregulated nuclear installations. Why doesn't the president of the Republic take another step and accept this proposal and transfer the CNEN to the Science and Technology Secretariat, out of the hands of the military? These written proposals were handed to the government in May and no answer has been received so far. This would be a way to comply with the Constitution, which bans the use of nuclear energy for military purposes, in a matter which is not being respected. History has demonstrated that criticism by the SBF was justified in the nuclear agreement case and now in the case of the program that has become autonomous. President Sarney also made caustic remarks at meetings with President Alfonsin that Brazil will not make the bomb. So President Collor's remarks in the United States are not enough unless the military program is changed. The military program foresees the construction of three nuclear reactors for the Navy, two for the Air Force, and one for the Army, as well as the nuclear fuel cycle which is also controlled by the Armed Forces. They want to maintain this program, according to O GLOBO of 30 September 1990. Cachimbo was only a small visible piece of the "iceberg" [preceding word in English]. The press has reported that the idea of making a nuclear bomb has already been pushed aside, but this is not necessarily the truth.

Embraer To Dismiss Workers To Reduce Budget

PY3010133490 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 30 Oct 90

[Text] Embraer [Brazilian Aeronautics Company] will dismiss 4,100 employees this week to reduce—by 50

percent—its payroll, which surpasses 1 billion cruzeiros and accounts for 50 percent of the company's budget.

This decision has been relayed to the Sao Jose dos Campos metalworkers union, whose president, (Antonio Donizetti Ferreira), will come to Brasilia today to meet with Aeronautics Minister Socrates da Costa Monteiro in an effort to find a negotiated solution to the situation.

Petrobras Releases September Oil Import Figures

PY3010150090 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 30 Oct 90

[Text] Petrobras [Brazilian Petroleum Corporation] spent $11.63 million to buy oil in September. This figure is 14 percent higher than the amount spent in August. The cost of oil imports from January to September has reached $2.4 billion.

3,000 Soviet-Made Cars Arrive at Port

PY3010184590 Rio de Janeiro Rede Globo Television in Portuguese 1500 GMT 30 Oct 90

[Excerpt] The 3,000 cars that were sent from Russia to Brazil have already been unloaded at the port of Santos, in Sao Paulo. The price of these Soviet cars will be lower than that of many domestically manufactured cars.

The Lada Company has sent two versions of their car aboard the Japanese (?Pegasus Diamond) ship: The Niva is a sports car, but it looks like a jeep, it has four-wheel drive, and it reaches a maximum speed of 140 km per hour. The (?Laika) comes in two versions: the station wagon and the sedan, which has four doors and three compartments. It is a simpler and cheaper car. Its price is around $8,000, or 800,000 cruzeiros. [passage omitted]

Reportage on Collor's Visit to Portugal

WA3010183190

For reportage on the visit by President Collor de Mello to Portugal, including reports on his talks with Portuguese President Mario Soares, please see the Portugal section of the 24 October West Europe DAILY REPORT and subsequent issues.

Chile

Paper Lists Candidates for Army Positions

PY3010152490 Santiago LA TERCERA DE LA HORA in Spanish 26 Oct 90 p 6

[Excerpts] President Patricio Aylwin will meet with Army Commander General Augusto Pinochet at 1100 today. The main purpose of the meeting will be to give President Aylwin the Army's list of proposed promotions. It is estimated that the proposal represents the most severe reorganization of the Army high command in the past few years. [passage omitted]

It was leaked yesterday that Major General Luis Henriquez Riffo will replace General Hugo Salas Wenzel, who has resigned, as commander of the Army General Staff and General Guillermo Garin will be appointed Army inspector general, while Major General Jorge Ballerino will continue as head of the Army commander's advisory committee. Moreover, as LA TERCERA reported yesterday, Brigadier General Hernan Ramirez Rurange, current commander of the Army's 1st Division headquartered in Antofagasta, will be new army intelligence director.

The following are some of the brigadier generals proposed for promotion to the rank of major general: Miguel Espinoza Guzman, commander of the Logistics Support Command; Hector Darrigrandi, Army personnel director; Carlos Parera, commander of the Santiago military garrison; and Guillermo Garin, commander of the Military Institute. [passage omitted]

Aylwin Decides on Promotions

PY3110002890 Santiago Radio Cooperativa Network in Spanish 2200 GMT 30 Oct 90

[Text] President Patricio Aylwin has made a decision on the Army promotions. This information was released from La Moneda Palace and refers to Army promotions and retirements. With this decision President Aylwin exercised his right under Article 7 of the Constitution.

Last week Army Commander General Augusto Pinochet came to La Moneda Palace to personally give President Aylwin the list of Army promotions and retirements. President Aylwin has made a decision and submitted a list to the Army Command. It is not known if the president made changes to the original list or if the list remains unchanged.

The Army did not confirm or deny this afternoon having received the answer from President Patricio Aylwin to the proposal made by Army Commander General Augusto Pinochet for the conformation of the Army High Command, which will run the organization next year. This information was released after it was known that the government sent a document with the presidential answer at 1400 today.

In the midst of complete secrecy, it has been learned that President Aylwin reportedly objected the promotion of Brigadier General Carlos Parera, commander of the Santiago military garrison, to the rank of major general and also the promotion of Brigadier General Ramon Castro Ivanovich, chief of the Chilean military mission in the United States. This information has not been officially confirmed. It has been reported that General Pinochet will make a one-day visit to the Fifth Region tomorrow to attend, among other activities, the Engineer Corps anniversary in the Tejas Verdes Regiment.

Illegal Financial Enterprise Linked to Air Force

PY3010185890 Madrid EFE in Spanish 1651 GMT 30 Oct 90

[Text] Santiago, 30 Oct (EFE)—Media and judicial sources today disclosed that two courts in Santiago are investigating the activities of a clandestine financial enterprises named "La Bicicleta" ["The Bicycle"], whose main members and clients were officers of the Chilean Air Force [FACh].

The sources stated that some 20 counts of issuing bad checks and charges of embezzlement have been filed at the two courts against a former FACh officer, identified as Alejandro Parada Palavecino, who is the administrator of the illegal financial enterprise.

Parada, according to victims of the fraud, has fled from Chile with an unknown amount of dollars and is now in Canada.

The charges against Parada were filed between 27 August and 24 October 1990, and the crimes to which the charges relate amount to one billion Chilean pesos ($3.3 billion), according to the sources.

"La Bicicleta" operated like "La Cutufa," [translation unknown] the illegal financial enterprise operated by the Army. The crimes of this operation include at least one case of murder and one suspected suicide. The operation has also recently prompted the retirement of 16 high-ranking officers, including four generals.

The FACh today issued a communique stating that, in its capacity as an institution, it is not involved in the deals of "La Bicicleta" and as such has not ordered any internal investigation.

The official gazette today asserts, however, that the clients of "La Bicicleta" are officers and civilian employees of the FACh, especially those returning from fulfilling missions abroad with significant per diem allowances.

The official gazette also asserts that an investigation is being carried out within the FACh by Aviation Prosecutor Hernan Barahona.

Like with "La Cutufa," high interest on deposits of up to 10 percent per month is what attracted clients and led legislators to question the source of the resources with which these institutions operated.

Christian Democratic Senator Jorge Lavandero said a few days ago that he would not be surprised if the money handled by these illegal financial enterprises came from drug trafficking or other illegal activities.

Attorney Sergio Rodriguez, who is defending two Army officers involved in "La Cutufa" case, today said that that enterprise is not linked to "La Bicicleta," that they operated indepedently, and that they would not be the only ones linked to the Armed Forces.

Sectors of the media have asserted that there are at least two other similar financial enterprises, called "Progreso" ["Progress"] and "La Tijera" ["Scissors"], whose clients belong to the Navy and Carabineros (militarized police), respectively.

Brazilian Economy Minister Arrives for Talks

PY3110015690 Santiago Domestic Service in Spanish 2200 GMT 30 Oct 90

[Text] Brazilian Economy Minister Zelia Cardoso de Mello arrived in Chile today and had an hour-long meeting with her Chilean counterpart Carlos Ominami in his office.

After the meeting, Minister Cardoso escaped the press by using one of the ministry's private elevators. As a result, the topics discussed by the two ministers cannot be made known.

Tomorrow's agenda includes a meeting with Finance Minister Alejandro Foxley at 1100. At 1230, Minister Cardoso will meet with President Aylwin at La Moneda Palace. The Brazilian minister will then hold a news conference at the Sheraton Hotel at 1300. At 1600, she will visit the Santiago International Fair, where she will take part in the dedication of the Brazilian stand.

Zelia Cardoso will return to Brazil on 1 November on the Santiago-Sao Paulo flight that leaves at 1545.

Ministry Files Charges Against 18 Terrorists

PY3010155690 Santiago Domestic Service in Spanish 1000 GMT 30 Oct 90

[Text] The Interior Ministry has filed charges with the Santiago Appellate Court against 18 members of the so-called Lautaro Group. These individuals have been indicted and imprisoned on charges filed with various Santiago courts.

This information was disclosed at La Moneda Palace by Interior Minister Enrique Krauss, who explained the purpose of this decision.

[Begin Krauss recording] The legal measure seeks to sanction those who are linked to important groups or (?similar) organizations that seek to disrupt social order and democratic coexistence with acts of violence. The government, through the Interior Ministry and in keeping with the law, has filed a petition with the Appellate Court for the appointment of a special judge to conduct the requested investigations and order punishment for the members of the so-called Lautaro Group, which is an illegal group that, according to alleged members, seeks to disrupt national coexistence. [end recording]

Minister Krauss added that the government, through the specialized police bodies, promises its utmost cooperation with the appellate court judge so the investigation can be concluded as soon as possible. The minister ended

by stating that, from a legal standpoint, the measures adopted against the 18 Lautaro group members have nothing to do with charges raised by the opposition.

Colombia

Kidnapped Journalists Send Message to Relatives

PA3010164990 Bogota Radio Cadena Nacional in Spanish 1200 GMT 30 Oct 90

[Text] Bogota—Journalists Diana Turbay and Azucena Lievano, who were kidnapped along with four other journalists two months ago, have sent a new message to their relatives, stating that they are in good health. This was disclosed in a communique issued by their relatives who state that Marta Becerra, the mother of Richard Becerra, the "Cripton" newscast cameraman, received a cassette with a recording of the two female journalists. In the taped message, Diana Turbay and Azucena Lievano say they have no health problems, and they ask their relatives to have faith they will be released soon. The communique issued by Turbay and Lievano's relatives states:

The relatives of Diana Turbay de Uribe, director of the magazine HOY POR HOY, and Azucena Lievano, chief of the editorial staff of the "Cripton" newscast, report the following to the public:

A new cassette with the voices of Diana and Azucena was received yesterday afternoon. In their messages, Diana and Azucena state that their fellow captives are fine and that, like them, they want their families to have faith and to know that they also hope they will be reunited as soon as possible. Azucena states: As Diana said in her previous message, we are being kept in good condition. We need our freedom, and every day we ask for this miracle. In her message addressed to her father, former President Julio Cesar Turbay Ayala, Diana states: Today, 25 October, they have asked us to send you a new message. This is undoubtedly a hard test God has given you and us.

In other parts of their message, they thanked their relatives and Colombian society for the expressions of solidarity. They also sent special messages of love to their parents, husbands, and children. Azucena's message is addressed to her husband and parents. In one section she states: Today, the 55th day we have been deprived of our freedom and kept far from our homes, we continue to trust in God that this situation will be resolved as soon as possible. She adds: We also ask God that our captors hear the clamor and prayers of all Colombians and that he enlighten them so they will permit us to return to our homes very soon. Azucena states that Diana has been a special help to her in these difficult moments. This makes us think that they have been together all this time. Azucena's message ends: Trusting in God, we will be together very soon. We hope that our next communication will not be through a tape or a letter but face to face. I miss you mother, father, and Juanca. I send you many kisses.

The cassette, which arrived by mail at the residence of Mrs. Marta Becerra, mother of "Cripton" newscast cameraman Richard Becerra, does not contain any mention of the identity of the kidnappers.

Bogota, 30 October 1990.

That was the communique of the relatives of Diana Turbay and Azucena Lievano.

Extraditables Admit To Kidnapping

PA3010185290 Bogota Inravision Television Cadena 1 in Spanish 1735 GMT 30 Oct 90

[Excerpts] The situation of the group of kidnapped journalists took an unexpected turn a few minutes ago, when a communique issued by the Extraditables was made public in Medellin. In the communique, the Extraditables admit they are holding the group of journalists.

At the same time, the contents of a letter from the Group of Notables was revealed a few minutes ago. The group includes Cardinal Mario Revollo, former presidents Alfonso Lopez Michelsen and Misael Pastrana, and Dr. Diego Montana Cuellar. In this letter, which was sent to attorney Guido Parra, the Notables offered to help the lawyer and former city mayor Juan Gomez Martinez examine the contents of Guido Parra's proposal and to mediate with the narcotics traffickers.

After nearly a month without any word on the kidnapped journalists, the silence was broken a few hours ago. For a second time the kidnappers sent a cassette with the voices of Diana Turbay and Azucena Lievano, although nothing is known about the fate of Francisco Santos. [passage omitted]

In their communique, the Extraditables raise serious charges against the state security organizations. In the communique, which was released to the media a few minutes ago, the Extraditables publicly admit that they are holding the journalists who have been missing for the last two months. They justified this action saying that it is in response to what they consider a violation of their rights.

In the communique, they blame Dijin [Directorate of Judidical Police and Investigations] Director Colonel Oscar Pelaez for the death of Luis Hernando Gaviria. The Extraditables also point out that they know the same colonel has plans to kidnap relatives of the Extraditables to exchange them for the journalists.

Likewise, the Extraditables point out that if any of their relatives are killed, they will immediately respond by executing the kidnapped journalists.

Paraguay

Cavalry Commander Advocates Democratic Process

PY3010173390 Asunsion HOY in Spanish 28 Oct 90 p 8

[Excerpt] Curuguaty— Brigadier General Eduardo Allende, commander of the 3d Cavalry Division, yesterday said: This democratic opening "makes it possible for the people to voice their previously suppressed aspirations." He said this during the dedication of facilities at the military unit in Curuguaty. The ceremony was attended by General Andres Rodriguez, the president of the Republic.

Allende also said that social organizations are "submitting massive demands which are often unwisely or demagogically supported by the very people who should be leading and guiding them."

He said: "People get disappointed if their demands, most of which are fair, do not receive quick and favorable responses. They do not consider the lack of resources with which to meet every demand at the same time, despite the predisposition of the government."

Allende added: "The democratic process will succeed as long as we act with prudence, patience, and goodwill for the sake of the common good and fraternity among Paraguayans."

He said: "We, the military, are on guard in our barracks to firmly support the president's wish of living in a free, fair, and fraternal nation." [passage omitted]

Peru

UK Reportedly To Cooperate With Foreign Debt

PY3010165390 Madrid EFE in Spanish 2258 GMT 29 Oct 90

[Text] Lima, 29 Oct (EFE)—Central Reserve Bank President Jorge Chavez announced today in Lima that Great Britain might join the group of countries that will support the payment of Peru's debt with the multilateral credit organizations. This debt surpasses $2 billion.

Chavez stated that his British colleague agreed to "a certain extent" that Great Britain would join the group that will help finance a bridge loan so that Peru's overdue payments with the IMF, the World Bank, and the IDB [Inter-American Development Bank] can be paid off.

During a news conference at Lima's airport, the Peruvian official added that the effect of this cooperation will not be immediate because, according to his British colleague, there are no funds available because of current events in Europe and the conflict in the Persian Gulf.

He indicated that negotiations will continue at another level, and in this respect he foresees "direct talks" between Juan Carlos Hurtado Miller, the Peruvian prime minister and finance minister, and British Prime Minister Margaret Thatcher.

Regarding the creation of a group to support the payment, via a $2 billion line of credit, of Peru's debt with multilateral organizations, Chavez indicated that there will be no immediate answer because "negotiating the debt takes time."

He indicated that negotiating the debt, which amounts to $2.003 billion, with the IMF, the World Bank, and the IDB may last for more than six months.

Official Peruvian sources have indicated that Spain, Japan, and Canada are among the countries that are willing to cooperate with Peru.

Peru's overall foreign debt amounts to some $19 billion.

Another University Student Killed by Terrorists

PY3010140090 Madrid EFE in Spanish 2319 GMT 29 Oct 90

[Text] Huancayo, Peru, 29 Oct (EFE)—Police have reported that a student at the National Central Region University [Universidad Nacional del Centro], in Huancayo, was murdered today. A total of four university students have been murdered in the last five days.

The body of Ernesto Inga, 35, who also worked as a university porter, was found by other students who were going to classes on the university premises with his throat cut and evidence of torture.

Police believe the murderers are terrorists after the murders of three other university students on 25 October. The pro-Guevara Tupac Amaru Revolutionary Movement (MRTA) was charged with responsibility for these murders.

University sources have noted that during the last few months, at least eight people, both students and teachers, linked to this university have been murdered.

Following Inga's death, university authorities called an urgent meeting to study the possibility of suspending classes because of the continued attacks against members of the university community.

250 Policemen Dismissed on Various Charges

PY3010213090 Madrid EFE in Spanish 2015 GMT 29 Oct 90

[Text] Lima, 29 Oct (EFE)—The general directorate of the Peruvian National Police (PNP) today reported that at least 250 police officers and subordinate officers have been dismissed and jailed this year for their involvement in common crimes.

In a communique released to the media, the police high command said that the dismissed policemen were put at the disposal of the regular courts to answer charges of

swindling, robbery, homicide, armed holdup, drug trafficking, abduction, and sexual abuse.

The communique stated that the dismissed policemen were jailed in several prisons in Lima and in the provinces, and that their dismissal is part of a moralization campaign implemented by the institution, "which will be strict and will dismiss all bad personnel."

The PNP is made up of three bodies—the General Police, the Technical Police, and the Security Police—which are run by a unified command and have more than 100,000 men.

Policeman Killed While Guarding Mayor's House

PY3010162890 Lima Television Peruana in Spanish 1100 GMT 30 Oct 90

[Text] A policeman was killed and two others were injured in a cowardly subversive attack in [Lima's] San Juan de Miraflores District.

The policemen were caught by surprise while they were guarding the house of Olimpia Mendez, mayor of San Juan de Miraflores, on block 11, Miguel Iglesias Avenue.

General Police Corporal Richard Macias was killed, and Hernan Chavez and Luis Pen were injured.

The attackers fled.

* Effects of Fujimori's 'Pragmatism' Viewed

91SM0054B Lima DEBATE in Spanish Aug-Oct 90 pp 13-15

[Report by Fernando Rospigliosi]

[Text] If Alberto Fujimori's election was an unusual development, what has happened since then has also been out of the ordinary. It was expected that once elected, he would try to establish a policy of alliances, either with the American Popular Revolutionary Alliance (APRA) and the left, who helped him win the elections, or with the Democratic Front (FREDEMO), several of whose ideas he could use to advantage.

In this way, it was assumed, he would obtain the political backing he needed to govern with a modicuum of stability, given that his power base was extremely precarious.

In fact, Fujimori capitalized in the elections on the citizenry's discontent with the political parties and the repugnance that Fredemo aroused. Thus, he attracted a negative vote, not support for a specific proposal.

His party backing was practically non-existent. Change 90, a group without ideology and without its own organization, was based on the support of several evangelical churches, on the one hand, and of a few groups of small and medium industrialists on the other hand. But both factions have their own interests. They endorsed Fujimori because they thought he could represent them, and because he gave them a channel of access to power that the system and the other political institutions had denied them.

Without Parties

Nevertheless, Fujimori decided to govern outside the political parties. It would appear that, of all the things he said during the campaign, one of the few things he actually believes is that the political parties are useless.

For this reason, since 10 June he has not made any serious attempt to make amends with any party. He has held talks with a few, but not [as published] for the purpose of seeking solutions to immediate problems. He spoke, for example, with the Executive Committee of the United Left (IU) because he was interested in having Pease or someone from that front join his cabinet. In that way he managed to neutralize the IU, at least partially, in view of the shock that was coming. And he gave the impression of plurality.

It was the same with the other parties. Fujimori won APRA's support for the election of the boards of directors of the legislature. APRA was willing to do anything to prevent the defunct Fredemo's parties from monopolizing or obtaining a majority on the boards of directors. It was worried that if that happened, they might call for the investigation and impeachment of the officials of the former regime.

By bringing in Juan Carlos Hurtado as premier and adopting some of Fredemo's ideas, he won the backing of one sector of that group and made another expectantly tranquil.

In other words, Fujimori has garnered temporary support—direct or indirect—for certain very specific and clearly defined objectives. But he has not sought more stable commitments to achieve medium-term goals. He has too little regard for the parties to try to incorporate them into decision-making, but he is pragmatic and realistic enough to understand that he needs at least their neutrality.

He also appears to have rejected, at least for the time being, the idea of forming his own political organization. In fact, after he won the elections, Fujimori shunted aside the evangelists, troublesome allies who set the Catholic Church against him and who also demanded rewards for their previous support: ministries or important jobs, seats on the legislative boards of directors, from whence they could promote their own interests. Fujimori unceremoniously dumped them after using them. Since the evangelists had been the backbone of Change 90, the movement is now wasting away.

The other way to breathe life into Change 90 would be to give portions of the government pie to its members. This would assure Fujimori of their loyalty and enable him to put together an organization that would support him on the basis of political patronage. But Fujimori has not taken that route. Not only is there no member of Change 90 in the cabinet, but they are also absent from major positions in government departments.

Nor, as far as anyone knows, has he forged any kind of agreement with major business groups, as Alan Garcia tried to do with the so-called "12 apostles" in the beginning of his administration, much less with the demoralized labor organizations.

Furthermore, Fujimori is not a charismatic populist leader who could appeal to the amorphous masses, as Garcia did at times.

In short, the president is very skillfully maneuvering to capitalize on the confrontations among various political and social forces. He derives some of his strength from the balance of conflicting forces that exists among them, but he is not trying to achieve any stable consensus.

The Military

One critical decision by the president has been to lean on the Army for support. This option is in keeping with his pragmatic nature and his lack of concern for democratic principles. Winning the backing of the military gives him enough strength, in the short term, to apply certain policies. But when the situation is viewed from a broader perspective, it becomes apparent that this could turn out to be a very dangerous game that will serve to weaken even further our feeble democracy.

Governing Peru under the present circumstances requires, on many occasions, the direct application of military force. In other words, the government exercises its authority not only through legitimacy and the acceptance of the citizenry, but also through the most blatant and direct coercion.

In countries with stable democracies, government officials do not have to send the police and/or the army into the streets and countryside every few moments to enforce their authority; in Peru they do.

But there is also another difference. In the advanced democracies there is civilian control over the military institutions; in Peru there is not.

What happened under the previous government is illustrative. When the formation of the Defense Ministry was being discussed in April 1987, the Air Force rebelled. Buzzing the Government Palace amounted to a very concrete threat to the president of the republic. In response, Alan Garcia relied on the Army for support. Tanks and antiaircraft units of the Armored Division were immediately deployed in the Plaza de Armas. The Air Force was deterred.

A similar thing happened when, also in early 1987, the police went on strike and troops from the presidential guard fired into the air when the president passed by. Garcia immediately put army troops in charge of palace security.

A different situation arose in August 1985, when the recently inaugurated APRA administration faced a fait accompli, the massacre at Accomarca. Garcia removed the chairman of the Joint Command and two important army generals, threatening to punish those responsible. The Army's response was also dramatic: The troops retreated to their barracks in Ayacucho and stopped patrolling the countryside. The area was practically under Shining Path's control for a few days. The government had to give in and guarantee the impunity of those responsible for the massacre.

In short, the relationship between elected officials and the military is not what the Constitution provides in theory, or what operates in practice in advanced democracies. It is a business relationship with a corporation that retains a substantial amount of autonomy. And in some cases, the civilian authorities depend on their military counterparts.

Garcia realized this and tried to gain partial independence from the military. He did a number of things to accomplish this goal: First, he reorganized the police forces and strengthened them, providing them with modern ordnance and operational capacity. In this way he was able to rely on a force with armed power that was completely dependent upon the government. Second, he formed the Defense Ministry, which unified the three branches of the military. Not much progress has been made on this front beyond the formal establishment of the entity. Third, Garcia had addictive military ministers such as "Chochi" Flores and Velasquez Giacarini, and he effectively manipulated internal military rivalries, which also led to corruption.

Thus, the previous administration forged a certain degree of autonomy and control over the military.

Fuji-Change

Fujimori, having opted to rely on the military to shore up his government, has had to turn over to the Armed Forces not only the Defense portfolio, but also that of Interior. The purge of this department and the Army's control of it will leave the government without an "armed wing" that can respond directly to its orders and that can be used effectively when needed. In addition, there are the problems that might ensue in the anti-subversion effort, where the effectiveness of the police had improved significantly in recent times.

In sum, to gain a very short-term advantage Fujimori has sacrificed possibilities of much longer duration. His alliance with the military has already entailed immediate costs. The morality campaign he has announced does not penetrate the barracks. Privileges will not be curtailed for everyone equally.

But later on, the bill could be even more costly. It is premature to speak today of a "Bordaberrization," that is, a civilian puppet whose strings are pulled by the military. In fact, that is not happening now and may not happen in the future. What is apparent is that the military has more power in decision-making today than it did under the previous government. And that this power could increase in the future, to the extent of threatening the survival of the democracy, if Fujimori does not change the course he has chosen.

In conclusion, Alberto Fujimori is building his government on two pillars: a policy of balancing opposing forces, and the support of the Army. Both are short-lived, and will not contribute to the stability of the democracy.